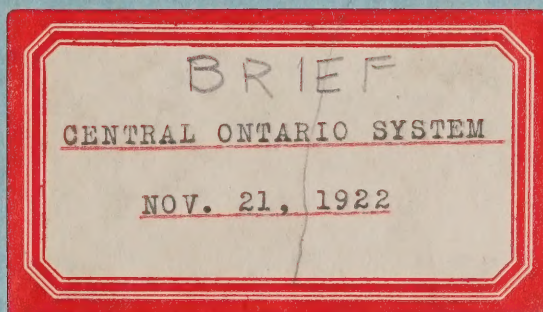


CA20N
Z1
-22H315
#346

Ontario. Hydro-Electric
Inquiry Commission, 340
1922-24

[Miscellaneous documents]



RE: CENTRAL ONTARIO SYSTEM

INDEX TO CONTENTS

TAB	PAGE
1 - Points to be taken up with Various Witnesses	1
2 - Memoranda re Inquiry	13
3 - Statement of Fact with Observations and Addenda re Central Ontario System	24
4 - Extract from Files of H.E.P.C. re Purchase of Electric Power Co.	40
5 - Digest of Correspondence on File No.19287 Dept. of Lands & Forests re Purchase	45
6 - Evidence before Sir Henry Drayton at City Hall, Toronto, re valuation	50
7 - Letter, Sir Adam Beck to Lieutenant-Governor in Council recommending purchase or expropriation of Eastern Power Co.	62
8 - Letter, Sir Adam Beck to Hon.Mr.Ferguson, recommending purchase of the Electric Power Co. for \$8,350,000. payable 50 year 5% Gov't bonds	63
9 - Order-in-Council dated 5th May,1916, appointing H.E.P.C. to control and Manage system	64
10 - Correspondence with Miller, Ferguson & Hunter re titles	65
11 - Questions asked in Ontario Legislature, Friday April 8th, 1921	71
12 - ditto Friday, April 29th, 1921	72
13 - Valuation - as of October 1st, 1914	78
14 - Extract from Minutes of H.E.P.C.	82
15 - Extract from Files of H.E.P.C. (a) re Peterboro re North Bay	94 100
16 - Map	110

INDEX TO CONTENTS

PAGE

1

1 - Points to be taken up with various witnesses

1

15

2 - Memoranda re inquiry

24

3 - Statement of fact with observations and additions re Central Ontario System

40

4 - Extract from files of H.E.P.C. re purchase of Niagara Power Co.

45

5 - Digest of correspondence on file No. 12287 Dept. of Lands & Forests re purchase

50

6 - Valuation before Sir John A. Macdonald

62

7 - Letter from Sir John A. Macdonald to Governor in Council recommending purchase of Niagara Power Co.

65

8 - Letter, Sir Adam Beck to Hon. Mr. Ferguson, recommending purchase of the Niagara Power Co. for \$2,250,000. Payable 50 years 2% Gov't bonds

68

9 - Order-in-Council dated 25th May, 1913, appointing H.E.P.C. to control and manage system

69

10 - Correspondence with Miller, Ferguson & Hunter re titles

71

11 - Questions asked in Ontario Legislature, Friday April 25th, 1921

72

12 - ditto Friday, April 25th, 1921

73

13 - Valuation - as of October 1st, 1914

74

14 - Extract from Minutes of H.E.P.C.

75

15 - Extract from files of H.E.P.C. (a) re Peterboro

1

Jakob

CENTRAL ONTARIO SYSTEM

Points to be kept in mind in Questioning Witnesses.

Hon G. Howard Ferguson

- 1 - Position of Mr. Ferguson with Provincial Government during negotiations for the purchase of Central Ontario System
- 2 - Why did the Government purchase this System instead of allowing the Hydro Electric Power Commission to purchase it in the usual way.
- 3 - Was there an investigation of the system by the Government before the purchase
- 4 - Was there an examination of the assets made for the Government
- 5 - Was there a Profit and Loss account of the Electric Power Company produced to the Government
- 6 - Had there ever been any conversations between the Provincial Cabinet and the Dominion Government with regard to this System and, if so, in what direction did they tend.
- 7 - What were the relations between Sir Adam Beck and the Provincial Government at the time of the purchase.
- 8 - Did the Government ever know that Beck had made certain offers for the purchase.
- 9 - Did the Government expect to carry on the operations after the purchase under the Power Commission Act with all that the Act entailed, i.e. power at cost, sinking funds, municipal responsibilities, etc.
- 10 - Was it the Government's intention to turn the system over to the municipalities at a later date. If so, what provision was made.

CENTRAL ONTARIO SYSTEM

Points to be kept in mind in Questioning Witnesses.

Mr. G. Howard Ferguson

- 1 - Position of Mr. Ferguson with Provincial Government during negotiations for the purchase of Central Ontario System
- 2 - Why did the Government purchase this System instead of allowing the Hydro Electric Power Commission to purchase it in the usual way.
- 3 - Was there an investigation of the system by the Government before the purchase
- 4 - Was there an examination of the assets made for the Government
- 5 - Was there a Profit and Loss account of the Electric Power Company produced to the Government
- 6 - Had there ever been any conversations between the Provincial Cabinet and the Dominion Government with regard to this System and, if so, in what direction did they tend.
- 7 - What were the relations between Sir Adam Beck and the Provincial Government at the time of the purchase.
- 8 - Did the Government ever know that Beck had made certain offers for the purchase.
- 9 - Did the Government expect to carry on the operations after the purchase under the Power Commission Act with all that the Act entailed, i.e. power at cost, sinking funds, municipal responsibilities, etc.
- 10 - Was it the Government's intention to turn the system over to the municipalities at a later date. If so, what provision was made.

Hon. G. Howard Ferguson, Contin.

- 11 - Were the municipalities consulted before the purchase
- 12 - Why were the municipalities not offered an opportunity of voting as in the other Hydro Electric Systems
- 13 - Was it not possible to purchase leases, generating plants and distributing systems without at the same time purchasing local utilities such as water works and gas works, the Peterboro Street Railway, the Pulp Mill and the Campbellford Flour Mill.
- 14 - Had the Government any intention of continuing the operation of these utilities
- 15 - What circumstances led up to the writing of letter by Sir Adam Beck, dated March 4th, to the witness, recommending the purchase of the Electric Power Company's interest for \$8,350,000.
- 16 - Why was the date of maturity of the bonds reduced from fifty to ten years.

Hon. G. Howard Ferguson, Gentlman.

- 11 - Were the municipalities consulted before the purchase
- 12 - Why were the municipalities not offered an opportunity of voting as in the other Hydro Electric Systems
- 13 - Was it not possible to purchase leases, generating plants and distributing systems without at the same time purchasing local utilities such as water works and gas works, the Peterboro Street Railway, the Pulp Mill and the Campbellford Flour Mill.
- 14 - Had the Government any intention of continuing the operation of these utilities
- 15 - What circumstances led up to the writing of letter by Sir Adam Beck, dated March 4th, to the witness, recommending the purchase of the Electric Power Company's interest for \$2,350,000.
- 16 - Why was the date of maturity of the bonds reduced from fifty to ten years.

CENTRAL ONTARIO SYSTEM

- 3 -

Hon. T. W. McGarry.

- 1 - What was Mr. McGarry's position in the Provincial Government at the time of the completion of the Central Ontario System deal.
- 2 - What was the history of the negotiations
- 3 - Was pressure brought to bear upon the Provincial Government by the Dominion Government in this matter.
- 4 - What were Provincial four per cent bonds worth when the deal was completed.
- 5 - Why was the maturity fixed at ten years instead of fifty years
- 6 - What would the difference in cost have been if the purchase had been made at the sum of \$8,350,000. by giving forty year four per cent Provincial bonds with ten year deferment clause as compared with the ten year bonds given.
- 7 - Who took over the books of the Electric Power Company.
- 8 - Were the books examined, and if so, were any observations made on them.
- 9 - Was a statement of Profit and Loss submitted prior to the purchase.

CENTRAL ONTARIO SYSTEM

- 3 -

Hon. T. W. McGarry.

- 1 - What was Mr. McGarry's position in the Provincial Government at the time of the completion of the Central Ontario System deal.
- 2 - What was the history of the negotiations
- 3 - Was pressure brought to bear upon the Provincial Government by the Dominion Government in this matter.
- 4 - What were Provincial four per cent bonds worth when the deal was completed.
- 5 - Why was the maturity fixed at ten years instead of fifty years
- 6 - What would the difference in cost have been if the purchase had been made at the sum of \$8,350,000. by giving forty year four per cent Provincial bonds with ten year deferment clause as compared with the ten year bonds given.
- 7 - Who took over the books of the Electric Power Company.
- 8 - Were the books examined, and if so, were any observations made on them.
- 9 - Was a statement of Profit and Loss submitted prior to the purchase.

CENTRAL ONTARIO HEARING

- 4 -

Sir Wm. Hearst

Premier

- 1 - What position did Sir Wm. Hearst hold in the Provincial Government during the negotiations for the purchase of the Central Ontario system.
- 2 - What representations, if any, did Sir Adam Beck make to the Government concerning this purchase
- 3 - How was the price arrived at
- 4 - What was the authority for the Government to take over the system at the price paid.
- 5 - Was there ever any attempt made to consult the municipalities involved.
- 6 - Were any representations made by the municipalities
- 7 - Was the Government acting in the spirit of the Power Commission Act in taking over the system, that is to say, was the Government using Provincial money to guarantee the purchase of the System for the participating municipalities on the understanding that the municipalities would be responsible ultimately
- 8 - Whether Sir Adam Beck had consulted him concerning the purchase and whether a price had been suggested.
- 9 - Whether representations were made that the purchase though completed by the Government would ultimately bring the system under the Power Commission Act and what, if any, rights and liabilities the Hydro Electric Power Commission should have in connection with this system. Whether the understanding was that the Commission was to be in the position of active trustee, or merely manager.
- 10 - Whether any further sums had been advanced for improvement and betterments to the system.

CENTRAL ONTARIO HEARING

- 4 -

Sir Wm. Hearst

What position did Sir Wm. Hearst hold in the Provincial Government during the negotiations for the purchase of the Central Ontario system.

What representations, if any, did Sir Adam Beck make to the Government concerning this purchase

How was the price arrived at

What was the authority for the Government to take over the system at the price paid.

Was there ever any attempt made to consult the municipalities involved.

Were any representations made by the municipalities

Was the Government acting in the spirit of the Power Commission Act in taking over the system. That is to say, was the Government using Provincial money to guarantee the purchase of the system for the participating municipalities on the understanding that the municipalities would be responsible ultimately

Whether Sir Adam Beck had consulted him concerning the purchase and whether a price had been suggested.

Whether representations were made that the purchase should be completed by the Government would ultimately bring the system under the Power Commission Act and what, if any, rights and liabilities the Hydro Electric Power Commission should have in connection with this system. Whether the understanding was that the Commission was to be in the position of active trustee, or merely manager.

Whether any further sums had been advanced for improvement and betterments to the system.

CENTRAL ONTARIO SYSTEM

- 5 -

Sir Wm. Hearst. Contin.

- 11 - Whether it was intended that these amounts should be repaid and if so in what manner ?
- 12- Whether the price arrived at was a fair price having in view all the considerations leading to the purchase?
- 13- Upon what is the answer based ?

GENERAL ONTARIO SYSTEM

- 5 -

Sir Wm. Hearst. Contin.

- 11 - Whether it was intended that these amounts should be repaid and if so in what manner?
- 12 - Whether the price arrived at was a fair price having in view all the considerations leading to the purchase?
- 13 - Upon what is the answer based?

CENTRAL ONTARIO HEARING

- 6 -

Dr. J. A. Reid

- 1 - What conversations were held with Sir Adam Beck concerning Trent Valley leases ?
- 2 - What negotiations were there between the Dominion Government and Sir Adam Beck for Trent Valley powers not under lease to the Electric Power Company ?
- 3 - Why the Dominion Government were averse to leasing the remaining water powers to the Hydro-Electric Power Commission ?
- 4 - Whether the Dominion Government considered it to be to their interest to have the leases held entirely by the H.E.P.C.?
- 5 - Whether the purchase by the Provincial Government was urged by the Dominion Government ?
- 6 - Whether the Dominion Government had agreed to give leases of water powers on the Trent to those persons owning adjoining land expropriated by the Government when the canal was built?
- 7 - What was the point of issue between the Province and the Dominion with regard to these water powers and what bearing did this dispute have on the purchase ?

QUEBEC ONTARIO HEARING

- 6 -

Dr. J. A. Reid

- 1 - What conversations were held with Sir Adam Beck concerning Trent Valley leases?
- 2 - What negotiations were there between the Dominion Government and Sir Adam Beck for Trent Valley powers not under lease to the Electric Power Company?
- 3 - Why the Dominion Government were averse to leasing the remaining water powers to the Hydro-Electric Power Commission?
- 4 - Whether the Dominion Government considered it to be to their interest to have the leases held entirely by the H.E.P.C.?
- 5 - Whether the purchase by the Provincial Government was urged by the Dominion Government?
- 6 - Whether the Dominion Government had agreed to give leases of water powers on the Trent to those persons owning adjoining land expropriated by the Government when the canal was built?
- 7 - What was the point of issue between the Province and the Dominion with regard to these water powers and what bearing did this dispute have on the purchase?

7

CENTRAL ONTARIO HEARING

- 7 -

Sir Adam Beck

- 1 - What induced witness to attempt to enter the Central Ontario field ? *Items 8, 1*
- 2 - What attempts were made to secure leases of the Trent Valley water powers from the Dominion Government ? *Items 8 & 9*
- 3 - Why were these leases not obtained ?
- 4 - What negotiations were carried on with the Electric Power Company ?
- 5 - What was the valuation of the Hydro engineers ?
 - (a) Present valuation;
 - (b) Replacement value.
- 6 - What value was placed on water powers ?
- 7 - What was meant to be included in the term "intangible" ?
- 8 - Were any representations made as to the amount of money advanced by the Electric Power Company ?
- 9 - For what was such money supposed to be spent ?
- 10 - Why were negotiations broken off ?
- 11 - Why was an arbitration arranged before Sir Henry Drayton ?
- 12 - What explanation can be given as to why the Provincial Government stepped in and completed the purchase instead of having the purchase made in the usual way under the Power Commission Act ?
- 13 - What is your understanding of the basis of administration of this system by the Hydro-Electric Power Commission ?
- 14 - When moneys are advanced by the Government for improvement, betterments, new generating plants, etc., are these amounts advanced after recommendation by the Hydro Electric Power Commission ?

Sir Adam Beck

- 1 - What induced witness to attempt to enter the Central Ontario field? *Letter*
- 2 - What attempts were made to secure leases of the Trent Valley water powers from the Dominion Government? *Letter 8 & 9*
- 3 - Why were these leases not obtained?
- 4 - What negotiations were carried on with the Electric Power Company?
- 5 - What was the valuation of the Hydro engineers?
(a) Present valuation;
(b) Replacement value.
- 6 - What value was placed on water powers?
- 7 - What was meant to be included in the term "intangibles"?
- 8 - Were any representations made as to the amount of money advanced by the Electric Power Company?
- 9 - For what was such money supposed to be spent?
- 10 - Why were negotiations broken off?
- 11 - Why was an arbitration arranged before Sir Henry Dwyer?
- 12 - What explanation can be given as to why the Provincial Government stepped in and completed the purchase instead of having the purchase made in the usual way under the Power Commission Act?
- 13 - What is your understanding of the basis of administration of this system by the Hydro-Electric Power Commission?
- 14 - When money is advanced by the Government for improvement, betterments, new generating plants, etc., are these amounts advanced after recommendation by the Hydro Electric Power Commission?

CENTRAL ONTARIO HEARING.

- 8 -

Sir Adam Beck, continued.

- 15 - Is it the understanding that the Government shall advance these moneys as needed from time to time without ever being repaid ?
- 16 - Did you agree in fact with the purchase of the Central Ontario system at the price paid ?
- 17 - Was it your understanding that the price of \$8,350,000 should include the Northern or Nipissing section to be paid for by fifty year Provincial bonds ?
- 18 - Why did you write to Hon. G. Howard Ferguson on March 4th, 1916, recommending this purchase ?

CENTRAL ONTARIO HEARING.

- 8 -

Sir Adam Beck, continued.

- 15 - Is it the understanding that the Government shall advance these moneys as needed from time to time without ever being repaid?
- 16 - Did you agree in fact with the purchase of the Central Ontario system at the price paid?
- 17 - Was it your understanding that the price of \$8,350,000 should include the Northern or Highways section to be paid for by fifty year provincial bonds?
- 18 - Why did you write to Hon. G. Howard Ferguson on March 4th, 1916, recommending this purchase?

9

CENTRAL ONTARIO HEARING

Mr. G. T. Clarkson

- 1 - Were the books of the Electric Power Co. presented for investigation at the time the first audit was made. If so, what state of affairs did they disclose?
- 2 - Upon what basis was the purchase price of \$8,350,000. broken up into its various component parts.
- 3 - What is the basis of cost of power in the Central Ontario System. Is this uniform throughout?
- 4 - Why are sinking funds only established in connection with rural lines and the Bruden Township Pulp limits.
- 5 - What is the present financial situation with regard to public utilities such as gas works, water works, street railways, etc. not ordinarily included in Hydro Electric development.
- 6 - Is there any way in which these utilities can be placed on a paying basis.
- 7 - Why was the Hapanee Gas Works closed.
- 8 - If the Peterboro Street Ry. shows an increasing deficit each year, is there any way in which this could be placed on a self supporting basis.
- 9 - Why does the Power Department show heavy losses.
- 10 - Why has there been no adjustment to take into account the amount paid for water leases.
- 11 - Why was it not possible to arrive at a power cost basis until 1918.

GENERAL ONTARIO HEARING

Mr. G. T. Clarkson

- 1 - Were the books of the Electric Power Co. presented for investigation at the time the first audit was made. If so, what state of affairs did they disclose?
- 2 - Upon what basis was the purchase price of \$6,250,000. broken up into its various component parts.
- 3 - What is the basis of cost of power in the General Ontario System. Is this uniform throughout?
- 4 - Why are sinking funds only established in connection with trunk lines and the Boston Township Pulp limits.
- 5 - What is the present financial situation with regard to public utilities such as gas works, water works, street railways, etc. not ordinarily included in Hydro Electric development.
- 6 - Is there any way in which these utilities can be placed on a paying basis.
- 7 - Why was the Japanese Gas Works closed.
- 8 - If the Peterboro Street Ry. shows an increasing deficit each year, is there any way in which this could be placed on a self supporting basis.
- 9 - Why does the Power Department show heavy losses.
- 10 - Why has there been no adjustment to take into account the amount paid for water losses.
- 11 - Why was it not possible to arrive at a power cost basis until 1918.

CENTRAL ONTARIO SYSTEM

- 10 -

Mr. G. T. Clarkson. Contin.

- 12 - How can the inaccuracy of the rate for power in the Nipissing section to the extent of eight per cent be accounted for? Has any effort been made to re-adjust this.
- 13 - What is the situation with regard to contracts with municipalities in the Central Ontario system.
- 14 - What contracts have been entered into since the purchase of the system by the Government?
- 15 - Why were the sinking fund clause provisions not carried out?
- 16 - What difference in the cost of power would the interest on the intangibles make.
- 17 - What interest rate has been charged on the capital investment and what interest rate on the amounts advanced since the purchase.
- 18 - What difference will the refunding of the Provincial bonds which mature in 1926 make in the cost of power.
- 19 - How are the renewal funds dealt with?
- 20 - What is the present sum available for renewals?
- 21 - Why do you recommend placing the Central Ontario system on a Hydro-Electric basis.

CENTRAL ONTARIO SYSTEM

- 10 -

Mr. G. T. Clarkson. Contin.

- 21 - Why do you recommend placing the Central Ontario system on a Hydro-Electric basis.
- 20 - What is the present sum available for renewal?
- 19 - How are the renewal funds dealt with?
- 18 - What difference will the refunding of the Provincial bonds which mature in 1926 make in the cost of power.
- 17 - What interest rate has been charged on the capital investment and what interest rate on the amounts advanced since the purchase.
- 16 - What difference in the cost of power would the interest on the intangibles make.
- 15 - Why were the sinking fund clause provisions not carried out?
- 14 - What contracts have been entered into since the purchase of the system by the Government?
- 13 - What contracts with municipalities in the Central Ontario system.
- 12 - What is the situation with regard to adjust this.
- 11 - How can the inadequacy of the rate for power in the Niagara section to the extent of eight per cent be accounted for? Has any effort been made to re-

QUESTIONS TO BE ASKED MR. GABY

- 1 - Upon what basis was the purchase price of \$8,350,000 distributed among the various items of the Central Ontario System?
- 2 - To what extent was the valuation of 1915 used as a basis ?
- 3 - Were the different items all increased in the same proportion ?
- 4 - If not, why not ?
- 5 - The purchase price was 30% greater than the replacement value. If some parts of the System were increased less than 30% others must have been increased more than 30%.
- 6 - Was each item considered on its merits ?
- 7 - What officials of the Hydro-Electric Power Commission were charged with the duty of reporting upon and recommending the scheme of distribution?
- 8 - What official of the Commission was charged with the duty of making the apportionment ?
- 9 - What official of the Commission passed upon the distribution before it came before the Commission itself?
- 10 - What changes were made by the Commission in the distribution ?

After a series of general questions, such as those above indicated, I would propose to proceed to examine Mr. Gaby, or whoever was responsible for the distribution on the various separate items on the basis of a statement (file 137-A) prepared by Mr. Clarkson. Particular attention is drawn to the following items:

Power Houses - Dam No. 1 - in which the replacement value of \$22,068.00 is increased by an intangible of \$65,000,000, being an increase of over 300%.

Mr. Gaby should be asked the justification for this increase.

QUESTIONS TO BE ASKED MR. GABY

- 1 - Upon what basis was the purchase price of \$2,380,000 distributed among the various items of the Central Ontario System?
- 2 - To what extent was the valuation of 1918 used as a basis?
- 3 - Were the different items all increased in the same proportion?
- 4 - If not, why not?
- 5 - The purchase price was 30% greater than the replacement value. If some parts of the System were increased less than 30% others must have been increased more than 30%.
- 6 - Was each item considered on its merits?
- 7 - What officials of the Hydro-Electric Power Commission were charged with the duty of reporting upon and recommending the scheme of distribution?
- 8 - What official of the Commission was charged with the duty of making the apportionment?
- 9 - What official of the Commission passed upon the distribution before it came before the Commission itself?
- 10 - What changes were made by the Commission in the distribution?

After a series of General questions, such as those above indicated, I would propose to proceed to examine Mr. Gaby, or whoever was responsible for the distribution on the various separate items on the basis of a statement (File 137-A) prepared by Mr. Clarkson. Particular attention is drawn to the following items:

Power Houses - Dam No. 1 - in which the replacement value of \$2,068.00 is increased by an intangible of \$5,000,000, being an increase of over 300%.

Mr. Gaby should be asked the justification for this increase.

In contrast to this the valuation of Transformer Station at Dam No. 2 was increased by approximately 20%.

Burleigh & Buckham (power house) has a replacement valuation of \$5,756.00. The intangible added is \$215,000.00.

Dam No. 14 (Healey's Falls) has a replacement value of \$729,797.00; the intangible added is \$325,000.00.

Were these intangibles carried forward in the valuation at which Healey's Falls is now carried? Does the present value of \$1,520,596.78^⑧ include the item of \$325,000.00?

⑧ to Sept 30/22

Is it the practice of the Commission to include items for intangibles in its valuations in other systems?

Do you regard it as following a correct principle to include an item for intangibles?

Do you think the difference between Central Ontario and the other systems in this respect is justified?

Do you think that if the site at Healey's Falls would support an intangible valuation of \$325,000 it is proper to include such an item in other undeveloped power sites which may be acquired by the Commission or the municipalities?

Would it be proper for any private interest in control of such power sites to expect compensation on such a basis?

Is there any question that the proportionately large losses of the power department of the Central Ontario System were the direct result of capitalization of intangibles?

In contrast to this the valuation of Transformer Station at Dam No. 2 was increased by approximately 20%.

Burling & Buchanan (power house) has a replacement valuation of \$2,755.00. The intangible added is \$215,000.00.

Dam No. 14 (Hesley's Falls) has a replacement value of \$729,797.00; the intangible added is \$325,000.00.

Were these intangibles carried forward in the valuation at which Hesley's Falls is now carried? Does the present value of \$1,220,541.80 include the item of \$325,000.00?

③ to left of ~

Is it the practice of the Commission to include items for intangibles in its valuations in other systems?

Do you regard it as following a correct principle to include an item for intangibles?

Do you think the difference between Central Ontario and the other systems in this respect is justified?

Do you think that if the site at Hesley's Falls would support an intangible valuation of \$325,000 it is proper to include such an item in other undeveloped power sites which may be acquired by the Commission or the municipalities?

Would it be proper for any private interest in control of such power sites to expect compensation on such a basis?

Is there any question that the proportionately large losses of the power department of the Central Ontario System were the direct result of capitalization of intangibles?

CENTRAL ONTARIO SYSTEMMEMORANDUM NO. 1

The inquiry into the Central Ontario System seems to resolve itself into three departments:-

- I - Whether too much was paid for the System and, if so, who is responsible;
- II - Whether the System has been properly managed since its acquisition by the Government;
- III - What changes should be made in the status of the System, in administrative policy, or otherwise.

As the facts have not been fully ascertained, it is not possible at this stage to make definite plans as to all the evidence to be brought out. The plans will develop as the inquiry proceeds. Certain facts, however, are sufficiently apparent to be used as a basis for certain assumptions. From what is known, it would seem proper to proceed on the following assumptions until they are disproved:-

- 1 - That the System is over-capitalized; that is to say, that it was bought by the Government at too high a price.
- 2 - That the municipalities will not be willing to take over all, or perhaps any, of the properties purchased by the Government at the price paid by the Government.

It may not be necessary to take evidence to establish these two points. All the evidence necessary may come out in the course of inquiry into other matters. It seems likely that the officials of the H.E.P.C. will themselves establish both points.

GENERAL ONTARIO SYSTEM

MEMORANDUM NO. 1

The inquiry into the General Ontario System seems to resolve itself into three departments:-

- I - Whether too much was paid for the System and, if so, who is responsible;
- II - Whether the System has been properly managed since its acquisition by the Government;
- III - What changes should be made in the status of the System, in administrative policy, or otherwise.

As the facts have not been fully ascertained, it is not possible at this stage to make definite plans as to all the evidence to be brought out. The plans will develop as the inquiry proceeds. Certain facts, however, are sufficiently apparent to be used as a basis for certain assumptions. From what is known, it would seem proper to proceed on the following assumptions until they are disproved:-

- 1 - That the System is over-capitalized; that is to say, that it was bought by the Government at too high a price.
- 2 - That the municipalities will not be willing to take over all, or perhaps any, of the properties purchased by the Government at the price paid by the Government.

It may not be necessary to take evidence to establish these two points. All the evidence necessary may come out in the course of inquiry into other matters. It seems likely that the officials of the H.E.P.C. will themselves establish both points.

-2-

MEMO. No.1

Assuming the foregoing two points to be established, the first item of inquiry would logically be the question of the justification of the purchase of the System at the price paid. That is to say, the purchase may have been justified notwithstanding the price was too high. If so, the facts should be brought out.

If the purchase at the purchase price was justified it will not be necessary to inquire particularly into the question of responsibility for the purchase. But if the purchase was not justified the question of responsibility becomes important in connection with the rates charged for power and also in connection with any proposal on the part of the municipalities to take over the System, or any parts of it, at a price less than that paid by the Government. In other words, if the Government attempted to charge prices for power, including sinking funds, on the basis of the present capitalization, or if the Government should propose that the municipalities take over the System at the present capitalization, the municipalities would doubtless argue that they were not responsible for the purchase and should not be penalized for the excessive capitalization.

It would be important, therefore, to ascertain what measure of responsibility should be attributed

MEMO. No. 1

Assuming the foregoing two points to be established, the first item of inquiry would logically be the question of the justification of the purchase of the system at the price paid. That is to say, the purchase may have been justified notwithstanding the price was too high. If so, the facts should be brought out.

If the purchase at the purchase price was justified it will not be necessary to inquire particularly into the question of responsibility for the purchase. But if the purchase was not justified the question of responsibility becomes important in connection with the rates charged for power and also in connection with any proposal on the part of the municipalities to take over the system, or any parts of it, at a price less than that paid by the Government. In other words, if the Government attempted to charge prices for power, including sinking funds, on the basis of the present capitalization, or if the Government should propose that the municipalities take over the system at the present capitalization, the municipalities would doubtless argue that they were not responsible for the purchase and should not be penalized for the excessive capitalization.

It would be important, therefore, to ascertain what measure of responsibility should be attributed

-3-

MEMO. No. 1

directly or indirectly

- (a) to the Provincial Government,
- (b) to the Dominion Government,
- (c) to the Hydro-Electric Power Commission,
- (d) to the municipalities.

The history of the negotiations seems fairly clear but should be brought out at a public hearing. I suggest the following witnesses be examined in order:

Mg. G. T. Clarkson,
Hon. G. H. Ferguson,
Hon. T. W. McGarry,
Sir Adam Beck.

It is a question for careful consideration whether Hon. Dr. J. A. Reid should be examined. There is reason for believing that Dr. Reid for the Dominion Government on the one hand, and Messrs. Ferguson and McGarry for the Province on the other hand, with the late Hon. Frank Cochrane acting as intermediary, were actuated by an apprehension that if negotiations were left to Sir Adam Beck, considerations of fairness to the Seymour interests would not be sufficiently regarded. Perhaps it would not be without interest and importance to the public to know whether, and to what extent, the negotiations were influenced by the apprehension that unfair measures might be taken against the Seymour interests. It might, therefore, be made a subject for discreet examination of Dr. Reid and the other parties concerned in the negotiations

MEMO. No. 1

directly or indirectly

- (a) to the Provincial Government,
- (b) to the Dominion Government,
- (c) to the Hydro-Electric Power Commission,
- (d) to the municipalities.

The history of the negotiations seems fairly clear but should be brought out at a public hearing. I suggest the following witnesses be examined in order:

Mr. G. T. O'Brien,
Hon. G. H. Ferguson,
Hon. T. W. McGarry,
Sir Adam Beck.

It is a question for careful consideration whether Hon. Dr. J. A. Reid should be examined. There is reason for believing that Dr. Reid for the Dominion Government on the one hand, and Messrs. Ferguson and McGarry for the Province on the other hand, with the late Hon. Frank Cochrane acting as intermediary, were actuated by an apprehension that if negotiations were left to Sir Adam Beck, considerations of fairness to the Seymour interests would not be sufficiently regarded. Perhaps it would not be without interest and importance to the public to know whether, and to what extent, the negotiations were influenced by the apprehension that unfair measures might be taken against the Seymour interests. It might, therefore, be made a subject for direct examination of Dr. Reid and the other parties concerned in the negotiations.

-4-

MEMO. No. 1

to ascertain whether any of the parties were influenced by this apprehension.

It is arguable that all these questions of responsibility for over-capitalization might be disregarded and the inquiry directed to the best means for getting the System on a proper basis. A public discussion of the question of responsibility might increase whatever indisposition there is on the part of the municipalities to take over the System. On the assumption that the municipalities will have to vote on the matter, however, it is difficult to see how the opening of the whole subject could be avoided,--unless indeed the Inquiry Commission should undertake to recommend legislative action to take the place of a vote by municipalities, and to recommend that the Government dispose of such of the enterprises included in the System as are not considered properly to fall within jurisdiction of the Hydro-Electric Power Commission.

I suggest that immediate consideration should be given to the question whether it would be expedient or practicable to avoid a discussion of the question of responsibility, and confine the inquiry to the finding of a solution for the present state of things. Mr. Clarkson says that the present condition should not be allowed to continue. The municipalities on their part are moving to have the Central Ontario System placed on

MEMO. No. 1

to ascertain whether any of the parties were influenced
by this apprehension.

It is arguable that all these questions of
responsibility for over-capitalization might be dis-
regarded and the inquiry directed to the best means for
getting the System on a proper basis. A public dis-
cussion of the question of responsibility might increase
whatever indisposition there is on the part of the munici-
palities to take over the System. On the assumption
that the municipalities will have to vote on the matter,
however, it is difficult to see how the opening of the
whole subject could be avoided.--unless indeed the
Inquiry Commission should undertake to recommend
legislative action to take the place of a vote by
municipalities, and to recommend that the Government
dispose of each of the enterprises included in the
System as are not considered properly to fall within
jurisdiction of the Hydro-Electric Power Commission.

I suggest that immediate consideration should be
given to the question whether it would be expedient or
practicable to avoid a discussion of the question of
responsibility, and confine the inquiry to the finding
of a solution for the present state of things. Mr.
Clarkson says that the present condition should not be
allowed to continue. The municipalities on their part
are moving to have the Central Ontario System placed on

-5-

MEMO. NO.1

the same basis as the other systems, on the ground that their present prices give them a growing equity in the System. In answer to this it is pointed out by Mr. Clarkson that in the Central Ontario System the charges for power do not include a sinking fund charge. My own submission would be that the ownership by the Province is not a sufficient reason for not setting up sinking funds. A sinking fund charge would, I submit, be entirely proper whether the System were owned by private interests or by the Province, or by the municipalities.

If the proposal of adding sinking fund charges to the present rates were pressed, the result would almost certainly be a demand on the part of the municipalities to be assured of the ownership. If this Commission were to recommend legislation requiring the addition of sinking fund charges, the whole matter would be brought up in such a form that the Legislature might dispose of it without any vote of the municipalities and all questions of price and valuation could be thrashed out in committee and disposed of. I suggest this phase of the matter be considered and decided upon.

If the view of the Commission should be that the municipalities, not having been consulted in the purchase, should not be brought under any responsibility

MEMO. NO. 1

the same basis as the other systems, on the ground that their present prices give them a growing equity in the System. In answer to this it is pointed out by Mr. Clarkson that in the General Ontario System the charges for power do not include a sinking fund charge. My own submission would be that the ownership by the Province is not a sufficient reason for not setting up sinking funds. A sinking fund charge would, I submit, be entirely proper whether the System were owned by private interests or by the Province, or by the municipalities.

If the proposal of adding sinking fund charges to the present rates were pressed, the result would almost certainly be a demand on the part of the municipalities to be assured of the ownership. If this Commission were to recommend legislation regarding the addition of sinking fund charges, the whole matter would be brought up in such a form that the Legislature might dispose of it without any vote of the municipalities and all questions of price and valuation could be thrashed out in committee and disposed of. I suggest this phase of the matter be considered and decided upon.

If the view of the Commission should be that the municipalities, not having been consulted in the purchase, should not be brought under any responsibility

-6-

MEMO. No. 1

for the capital expenditure except on the vote of the electors, it would seem necessary for this Commission to go fully into the question of ^{the} valuation of the System and to make some constructive proposal as to the handling of the System in the future.

It might also develop at the hearing that the municipalities were so unwilling to assume their responsibilities that it would be necessary for the Government to continue to manage the System; in which case it might be necessary to make recommendations for legislative changes as to the administration.

MEMO. No. 1

for the capital expenditure except on the vote of the
 electors, it would seem necessary for this Commission
 to go fully into the question of ^{the} valuation of the
 System and to make some constructive proposal as to
 the handling of the System in the future.

It might also develop at the hearing that the
 municipalities were so unwilling to assume their
 responsibilities that it would be necessary for the
 Government to continue to manage the System; in which
 case it might be necessary to make recommendations for
 legislative changes as to the administration.

CENTRAL ONTARIO SYSTEMMEMORANDUM NO. 2

In the first of the three departments mentioned in MEMO. No.1, the information in our hands would seem to justify the following statements:

- 1 - When the Provincial Government took over the Central Ontario System they paid \$2,600,000 for "intangibles."
- 2 - When the System was taken over it was being operated by the Seymour interest at a loss.
- 3 - When the System was taken over the contracts existing at that time were assigned to the Government.
- 4 - Only a few contracts have been made on the Hydro-Electric basis since the System has been under the management of the Hydro-Electric.
- 5 - The System not only has generating plants and distribution Systems but a number of public utilities, including waterworks, gas works, railway, a pulp mill and flour mill.
- 6 - The municipalities in the System have shown some desire to take over the properties, or some of them, but are not clear on what basis as to valuation or otherwise.
- 7 - No sinking funds have been charged to the System except as regards certain rural lines and the pulp limits.

By way of further elucidation of the above facts, the following questions should be kept in mind in examining the different witnesses:

GENERAL ONTARIO SYSTEMMEMORANDUM NO. 2

In the list of the three departments mentioned in MEMO. No. 1, the information in our hands would seem to justify the following statements:

- 1 - When the Provincial Government took over the Central Ontario System they paid \$2,600,000 for "intangibles."
- 2 - When the System was taken over it was being operated by the Baymont interest at a loss.
- 3 - When the System was taken over the contracts existing at that time were assigned to the Government.
- 4 - Only a few contracts have been made on the Hydro-Electric basis since the System has been under the management of the Hydro-Electric.
- 5 - The System not only has generating plants and distribution systems but a number of public utilities, including waterworks, gas works, railway, a pulp mill and flour mill.
- 6 - The municipalities in the System have shown some desire to take over the properties, or some of them, but are not clear on what basis as to valuation or otherwise.
- 7 - No sinking funds have been charged to the System except as regards certain rural lines and the pulp limits.

By way of further elucidation of the above facts,

the following questions should be kept in mind in

examining the different witnesses:

MEMO. NO. 2

- 2 -

- 1- In view of the fact that the original valuation by the Hydro-Electric engineers was for \$4,00,000. with a replacement value of \$5,500,000., how was the price of \$8,350,000. arrived at.
- 2- Why was it considered necessary to pay the \$2,600,000. for "intangibles".
- 3- What negotiations had Sir Adam Beck with the Electric Power Co. prior to the purchase.
- 4- What offers had Sir Adam Beck made on behalf of the H.E.P.C.
- 5- What was the attitude of the Dominion Government with respect to the water rights which had been leased and those which were available on the Trent River.
- 6- At the time the negotiations were in progress, were there water powers available for the H.E.P.C. in addition to those controlled by the Electric Power Co.
- 7- Were the Dominion authorities averse to granting such powers to the H.E.P.C.
- 8- What, if any, was the pressure brought to bear on the Province by the Dominion Government in order that the deal might be consummated.
- 9- Whether and to what extent the failure of the Hydro to take over the System or to arrive at a compromise price was a personal matter between Sir Adam Beck and the Seymour interests.
- 10- Whether and to what extent this was responsible for shifting of the responsibility for the completion of the deal to the Provincial Government.

- 1- In view of the fact that the original valuation by the Hydro-Electric engineers was for \$4,000,000. with a replacement value of \$8,500,000., how was the price of \$2,800,000. arrived at.
- 2- Why was it considered necessary to pay the \$2,800,000. for "intangibles".
- 3- What negotiations had Sir Adam Beek with the Electric Power Co. prior to the purchase.
- 4- What offers had Sir Adam Beek made on behalf of the H.E.P.C.
- 5- What was the attitude of the Dominion Government with respect to the water rights which had been leased and those which were available on the Trent River.
- 6- At the time the negotiations were in progress, were there water powers available for the H.E.P.C. in addition to those controlled by the Electric Power Co.
- 7- Were the Dominion authorities averse to granting such powers to the H.E.P.C.
- 8- What, if any, was the pressure brought to bear on the Province by the Dominion Government in order that the deal might be consummated.
- 9- Whether and to what extent the failure of the Hydro to take over the System or to arrive at a compromise price was a personal matter between Sir Adam Beek and the Government interests.
- 10- Whether and to what extent this was responsible for shifting of the responsibility for the completion of the deal to the Provincial Government.

MEMO. NO. 2

-3-

- 11 - Whether, and to what extent, pressure was brought upon the Provincial Government by the municipalities involved to warrant the purchase. What if any is the resultant liability of the municipalities.
- 12 - To what extent was Sir Adam Beck authorized to represent the different municipalities in the matter of the purchase.
- 13 - Why was the purchase made by the Provincial Government instead of under the Power Commission Act by the H.E.P.C.
- 14 - How much money had actually been advanced by the Sun Life, the bondholders of the Electric Power Co.
- 15 - What the profit or loss had been prior to the System being taken over by the Government, year by year.

16 - What contracts

Under the second head of MEMO. No.1, the following questions arise:

- 16 - What contracts were taken over at the time of the purchase and what were the terms of these contracts.
- 17 - Whether the contracts have ever been terminated; whether they have been renewed and under what contracts the municipalities are now taking power.
- 18 - What offers were received for the purchase of the Campbellford Flour Mill, or the Campbellford Pulp Mill.
- 19 - Why such offers were not accepted.
- 20 - What efforts have been made by the Commission to put the rates for power on a "cost" basis, and with what results.

11 - Whether, and to what extent, pressure was brought upon the Provincial Government by the municipalities involved to warrant the purchase. What is any in the resultant liability of the municipalities.

12 - To what extent was Sir Adam Beck authorized to represent the different municipalities in the matter of the purchase.

13 - Why was the purchase made by the Provincial Government instead of under the Power Commission Act by the B.C.P.C.

14 - How much money had actually been advanced by the Sun Life, the bondholders of the Electric Power Co.

15 - What the profit or loss had been prior to the system being taken over by the Government, year by year.

16 - What contracts

Under the second head of MEMO. No. 1, the following

questions arise:

16 - What contracts were taken over at the time of the purchase and what were the terms of these contracts.

17 - Whether the contracts have ever been terminated; whether they have been renewed and under what contracts the municipalities are now taking power.

18 - What offers were received for the purchase of the Campbell River Mill, or the Campbell River Mill.

19 - Why such offers were not accepted.

20 - What efforts have been made by the Commission to put the rates for power on a "cost" basis, and with what results.

MEMO. NO. 2

-4-

- 21 - Has any effort been made to ascertain whether the municipalities would be willing to purchase the gas plants and waterworks owned by the System, and what has been the result of such inquiry.
- 22 - What has been the history of operations of the Electric Generating plants and transmission systems apart from the other utilities of the System. Are they on a paying basis apart from the establishment of sinking funds.
- 23 - Whether the improvements and extensions now in the course of construction will materially add to the cost of power in the System.
- 24 - Whether, and to what extent, the Power Commission has been able to protect the power users against the lack of water in the dry season.

- - - - -

The questions arising under the third head are not questions of fact but of opinion. It is a matter for careful consideration which of the different witnesses should be asked to give his opinion as to the proper solution of the present difficulties.

I suggest that as in the case of the Nipigon System the Hydro-Electric Power Commission should be asked to make a statement of their recommendations both as to the ultimate disposition of the different properties in the System and as to the means by which this disposition should be brought about. In connection with this statement

21 - Has any effort been made to ascertain whether the municipalities would be willing to purchase the gas plants and waterworks owned by the System, and what has been the result of such inquiry.

22 - What has been the history of operations of the Electric Generating plants and transmission systems apart from the other utilities of the System. Are they on a paying basis apart from the establishment of sinking funds.

23 - Whether the improvements and extensions now in the course of construction will materially add to the cost of power in the System.

24 - Whether, and to what extent, the Power Commission has been able to protect the power users against the lack of water in the dry season.

The questions arising under the third head are not questions of fact but of opinion. It is a matter for careful consideration which of the different witnesses should be asked to give his opinion as to the proper solution of the present difficulties.

I suggest that as in the case of the Rippon System the Hydro-Electric Power Commission should be asked to make a statement of their recommendations both as to the ultimate disposition of the different properties in the System and as to the means by which this disposition should be brought about. In connection with this statement

MEMO. NO. 2

-5-

the Hydro-Electric Power Commission might be asked to furnish particulars of what negotiations have taken place between the Commission and the municipalities with a view to the taking over of different parts of the System by the municipalities, and also what steps have been taken by the Commission by way of acquiring any further properties or rights to be added to the System.

the Hydro-Electric Power Commission might be asked to furnish particulars of what negotiations have taken place between the Commission and the municipalities with a view to the taking over of different parts of the system by the municipalities, and also what steps have been taken by the Commission by way of acquiring any further properties or rights to be added to the system.

CENTRAL ONTARIO SYSTEM

Statement of Fact

Under an agreement dated 10th March, 1916,⁽¹⁾ and made between the Electric Power Company, Limited, and the Province of Ontario, the Government purchased the undertaking known as the Central Ontario System for the sum of \$8,350,000, payable in debentures of the Province maturing 1st March, 1926, and bearing interest at 4% per annum. Later by Order-in-Council dated 5th May, 1916⁽²⁾ administration and management of the System was vested in the Hydro-Electric Power Commission of Ontario.⁽³⁾

The story of the purchase of the System in the words of Sir Adam Beck in an address before a Committee on Water Power, Washington, April 15th, 1918, was as follows:⁽⁴⁾

"...the Commission bought what was known as the Electric Power Company System in the Central Ontario district. This Company was under the control of the Sun Life Insurance Company. We bought out 22 subsidiary companies with this concern for \$8,350,000. This Corporation owned gas companies, water works, street railways, pulp mills and electric plants. The generating plants were located on the Trent Canal. These water powers are under Federal jurisdiction, and the Dominion Government granted leases to this company from time to time. The company bought all the riparian rights on the canal, and therefore secured nearly all of the leases. We were obliged by negotiation, and at their price in a sense, to buy out this company. Since we have taken possession we have reduced the electric rates from time to time. We have a very comfortable surplus and have nearly doubled the capacity of the plants and the sale of power. There has been a great industrial boom in the district since we took possession."

CENTRAL ONTARIO SYSTEM

Statement of Facts

Under an agreement dated 10th March, 1916, (1) and made between the Electric Power Company, Limited, and the Province of Ontario, the Government purchased the undertaking known as the Central Ontario System for the sum of \$8,350,000, payable in debentures of the Province maturing 1st March, 1936, and bearing interest at 4% per annum. Later by Order-in-Council dated 8th May, 1916 (2) administration and management of the System was vested in the Hydro-Electric Power Commission of Ontario. (3)

The story of the purchase of the System in the words of Sir Adam Beck in an address before a Committee on Water Power, Washington, April 18th, 1918, was as follows:

(4)

"...the Commission bought what was known as the Electric Power Company System in the Central Ontario district. This Company was under the control of the Sun Life Insurance Company. We bought out 32 subsidiary companies with this concern for \$8,350,000. This Corporation owned gas companies, water works, street railways, pulp mills and electric plants. The generating plants were located on the Trent Canal. These water powers are under Federal jurisdiction, and the Dominion Government granted leases to this company from time to time. The company bought all the riparian rights on the canal, and therefore secured nearly all of the leases. We were obliged by negotiation, and at their price in a sense, to buy out this company. Since we have taken possession we have reduced the electric rates from time to time. We have a very comfortable surplus and have nearly doubled the capacity of the plants and the sale of power. There has been a great industrial boom in the district since we took possession."

CENTRAL ONTARIO SYSTEM

-2-

Although the System is operated by the H.E.P.C., it is owned outright by the Province of Ontario. It is said that there had been negotiations between the H. E. P. C. and the Electric Power Company, Ltd. to take over this system on the same basis as other systems, but the Government ultimately determined to purchase the system outright. (3)

The Central Ontario System is divided into two sections. One is known as the Central Ontario section, which controls and generates power at several points on the Trent River, transmits such power over lines which it owns and distributes it to local public utility plants--also owned by the System--in a number of municipalities including Belleville, Brighton, Cobourg, Deseronto, Lindsay, Napanee, Oshawa, Port Hope, Peterboro, Trenton and Tweed; it also sells power to a number of other municipalities and customers. The System owns gas works at Cobourg, Napanee and Peterboro; water works at Cobourg, and the Peterboro Street Railway. In addition it operates a pulp mill at Campbellford and owns the Bruton Township timber limits purchased by the Province in 1917 to provide a supply of wood for the pulp mill.

The Northern Ontario Section has a power development at Nipissing, near North Bay, and supplies power to local public utility undertakings owned by the System in North Bay, Powassan, Nipissing and Callander.

CENTRAL ONTARIO SYSTEM

-2-

Although the System is operated by the M.E.P.C., it is owned outright by the Province of Ontario. It is said that there had been negotiations between the M.E.P.C. and the Electric Power Company, Ltd. to take over this system on the same basis as other systems, but the Government mistakenly determined to purchase the system outright. (3)

The Central Ontario System is divided into two sections. One is known as the Central Ontario section, which controls and generates power at several points on the Trent River, transmits such power over lines which it owns and distributes it to local public utility plants--also owned by the System--in a number of municipalities including Belleville, Brighton, Cobourg, Deseronto, Lindsay, Napanee, Oshawa, Port Hope, Peterboro, Trenton and Tweed; it also sells power to a number of other municipalities and customers. The System owns gas works at Cobourg, Napanee and Peterboro; water works at Cobourg, and the Peterboro Street Railway. In addition it operates a pulp mill at Campbellford and owns the Brnton Township timber limits purchased by the Province in 1917 to provide a supply of wood for the pulp mill. The Northern Ontario Section has a power development at Wipasing, near North Bay, and supplies power to local public utility undertakings owned by the System in North Bay, Powassan, Wipasing and Galden.

CENTRAL ONTARIO SYSTEM

-3-

Prior to the purchase of the undertaking by the Province, and in 1914, the physical assets of the System were appraised by Engineers of the Commission and upon the basis of such appraisal the value of such physical assets at the time of purchase was set at \$5,672,658, and the remainder of the purchase price, \$2,677,342, was allocated as the price paid for water rights, franchises and other assets of an intangible and non-income returning nature. (3) With regard to these franchises rights, J. A. Ellis in a confidential memorandum to the Premier stated as follows: "I think it is admitted by everyone that these franchise rights, etc. are practically of no value."

According to the auditor, investments in works of the System as of 31st October, 1921, were as follows:

1. Original purchase price	\$8,350,000.00
2. Cash advances for improvement of the System	2,698,712.78
3. Debentures issued by Province in purchase of Bruton Town- ship pulpwood areas	<u>225,000.00</u>
Total	\$11,273,712.78

For the fiscal year ending Oct. 31st, 1921 a total of \$898,642.41 was expended for the purposes of the System, and the engineers of the Commission expect that \$1,048,000 will require to be expended in the current year.

CENTRAL ONTARIO SYSTEM

-3-

Prior to the purchase of the undertaking by the Province, and in 1914, the physical assets of the System were appraised by Engineers of the Commission and upon the basis of such appraisal the value of such physical assets at the time of purchase was set at \$5,672,658, and the remainder of the purchase price, \$2,677,342, was allocated as the price paid for water rights, franchises and other assets of an intangible and non-income returning nature. (3) With regard to these franchise rights, J. A. Ellis in a confidential memorandum to the Premier stated as follows: "I think it is admitted by everyone that these franchise rights, etc. are practically of no value."

According to the auditor, investments in works of the System as of 31st October, 1921, were as follows:

1. Original purchase price	\$8,280,000.00
2. Cash advances for improvement of the System	2,698,712.78
3. Debentures issued by Province in purchase of Bruce Township ship wharves	<u>228,000.00</u>
Total	\$11,273,712.78

For the fiscal year ending Oct. 31st, 1921 a total of \$898,442.41 was expended for the purposes of the System, and the engineers of the Commission expect that \$1,048,000 will require to be expended in the current year.

CENTRAL ONTARIO SYSTEM

-4-

Reserves for Renewals

Reserves for the renewal of power development, lines and various local utilities owned by the System, and the pulp mill, are provided at a rate varying from 4% to 5% per annum on a straight line basis. As of Oct. 31st, 1921, after deduction of the cost of renewals, the amount to the credit of the account was \$1,044,426.52.

Sinking Funds

According to Mr. Clarkson "there is no obligation upon the Commission to establish sinking funds for the repayment of the investments of the Province in, or its advances to the System. There is equally, however, nothing to prevent the Commission establishing sinking funds in respect of the costs of any particular works of the System, if in its opinion it deems it advisable so to do."

The H.E.P.C. has set up sinking funds in respect of all the works of the System to the extent of only \$29,665.54, in respect of specific investments, viz: the costs of rural lines in certain townships, the redemption of bonds issued in the purchase of the Bruton Township pulpwood limits, in respect of the Bancroft mill.

It is pointed out by Mr. Clarkson that the sinking funds in respect of rural lines in certain townships,

Reserves for Renewals

Reserves for the renewal of power development, lines and various local utilities owned by the System, and the pulp mill, are provided at a rate varying from 4 1/2 to 5 1/2 per annum on a straight line basis. As of Oct. 31st, 1931, after deduction of the cost of renewals, the amount to the credit of the account was \$1,044,436.52.

Sinking Funds

According to Mr. Clarkson "there is no obligation upon the Commission to establish sinking funds for the repayment of the investments of the Province in, or its advances to the System. There is equally, however, nothing to prevent the Commission establishing sinking funds in respect of the costs of any particular works of the System, if in its opinion it seems it advisable so to do."

The H.E.P.C. has set up sinking funds in respect of all the works of the System to the extent of only \$38,665.54, in respect of specific investments, viz: the costs of rural lines in certain townships, the redemption of bonds issued in the purchase of the Huron Township pulpwood limits, in respect of the Bancroft mill.

It is pointed out by Mr. Clarkson that the sinking funds in respect of rural lines in certain townships,

CENTRAL ONTARIO SYSTEM

-5-

amounting to \$1,847.65, are offset by a deficit to Oct. 31st, 1921, of \$10,899.09. "The sinking funds set up in respect of the Bruton Township pulpwood limit and the Bancroft mill have been provided out of the revenue of the pulp mill and retained for the System by the Commission as the provisions of Sec.15 of the Power Commission Act do not require that they be invested in securities of the Province of Ontario." It is further pointed out by Mr. Clarkson that the Commission entered into contracts with Peterboro, Picton, Bloomfield, Lakefield, Havelock, Marmora, Norwood and Wellington between March 1913 and March 1916, (prior to the date of the purchase of the System by the Province) under the terms of which these municipalities undertook to purchase power from the Commission and to pay costs of same as laid down in their contracts, requirements of which were similar to those provided under Sec.23 of the Power Commission Act. These municipalities agreed to pay sinking funds on the cost of the "works" used in connection with the supply of power to them. These contracts, with one or two exceptions, were validated by the Legislature. It is to be observed that Mr. Clarkson points out that "the Town of Whitby has also since 1916 been receiving a supply of power from the Commission on such cost basis but up to 31st October, 1921 it had executed no contract with the Commission."

amounting to \$1,847.65, are offset by a deficit to Oct. 31st, 1921, of \$10,899.09. "The sinking funds set up in respect of the Preston Township pulpwood limit and the Bancroft mill have been provided out of the revenue of the pulp mill and retained for the System by the Commission as the provisions of Sec. 15 of the Power Commission Act do not require that they be invested in securities of the Province of Ontario." It is further pointed out by Mr. Clarkson that the Commission entered into contracts with Peterboro, Picton, Bloomfield, Lakeside, Havelock, Harrow, Norwood and Wellington between March 1913 and March 1916, (prior to the date of the purchase of the System by the Province) under the terms of which these municipalities undertook to purchase power from the Commission and to pay costs of same as laid down in their contracts, payments of which were similar to those provided under Sec. 23 of the Power Commission Act. These municipalities agreed to pay sinking funds on the cost of the "works" used in connection with the supply of power to them. These contracts, with one or two exceptions, were validated by the Legislature. It is to be observed that Mr. Clarkson points out that "the Town of Whitby has also since 1916 been receiving a supply of power from the Commission on such cost basis but up to 31st October, 1921 it had executed no contract with the Commission."

CENTRAL ONTARIO SYSTEM

-6-

Prior to 31st October, 1918, the costs payable by the municipalities were not possible of being calculated, but since that date "such costs were possible of being computed and were calculated;" but, according to Mr. Clarkson, "were not given effect to until within the fiscal year ending 31st October, 1921, when they were made retroactive as from November 1st, 1918." "In computing such costs, however, the sinking funds required to be paid by the municipalities under the contracts with them were not included in the cost of power to them, and to Oct. 31st, 1921 no charge in respect of such sinking funds had been made to such municipalities."

The present situation reveals the fact that power is sold to certain municipalities (under contracts which require them to pay costs including a sinking fund) on a cost basis excluding sinking funds; to certain municipalities and companies power is sold at flat rates per horsepower. The Commission as representing the Province is also operating a number of local utilities which take power from the System and retail it to customers resident in various municipalities, and also operates the Peterboro Street Railway and the Campbellford pulp mill which take power from the System and pay cost for such power excluding sinking funds.

The following is a significant paragraph in Mr.

The following is a significant paragraph in Mr. sinking funds.

from the system and pay cost for such power excluding municipalities, and also operates the Peterboro Street Railway and the Campbellford pulp mill which take power the system and retail it to customers resident in various operating a number of local utilities which take power from The Commission as representing the Province is also and companies power is sold at list rates per horsepower. cost basis excluding sinking funds; to certain municipalities drive them to pay costs including a sinking fund) on a sold to certain municipalities (under contracts which reveal The present situation reveals the fact that power is had been made to such municipalities."

Oct. 31st, 1921 no charge in respect of such sinking funds were not included in the cost of power to them, and so paid by the municipalities under the contracts with them such costs, however, the sinking funds required to be retrospective as from November 1st, 1918. "In computing year ending 31st October, 1921, when they were made Clarkson," were not given effect to until within the fiscal computed and were calculated; but, according to Mr. but since that date "such costs were possible of being the municipalities were not possible of being calculated, Prior to 31st October, 1918, the costs payable by

CENTRAL ONTARIO SYSTEM

-7-

Clarkson's latest report on the System:

" With such conditions in force it is not impossible or improbable that confusion may come about as to what the exact rights of the Province or the municipalities mentioned are if Sinking Funds be collected from such municipalities as part of the cost of power delivered to them and they are so permitted to obtain a proprietary interest in the System. Under such circumstances I recommend that the condition of affairs be discussed between the Government and the Commission and some definite basis be arrived at which will determine whether the System is to continue to be owned by the Province or in the alternative it is to pass to the municipalities subject to a lien for repayment of the investments in and advances of the Province to the System. Such an understanding should in my opinion be come to before any Sinking Funds are collected from the municipalities--as part of the cost of power to them--for with acceptance of such Sinking Funds they will obtain an interest in the System which would then be owned jointly by the Province and the municipalities, with doubt obtaining as to whether--so owned--it has to be operated under the provisions of the Power Commission Act or not."

According to Mr. Clarkson, as of March, 1920, "The results of operation of the System have not to this point been very encouraging, but on the contrary, after making full provision for the renewal of works and payment of interest at 4% per annum on the purchase price--and at current rates on further advances--but without any allowance for repayment of the investment or advances of the Province:

- (a) Interest costs and expenses of operation exceeded the income to Oct. 31, 1917 by \$24,218.75;
- (b) Income exceeded interest costs and expenses of operation of the System for the fiscal year ending Oct. 31, 1918 by \$16,500; and
- (c) Interest costs and expenses of operation exceeded the income for fiscal year ending Oct. 31st, 1919 by \$133,632..

GENERAL OFFICE SYSTEM

-7-

Clarkson's latest report on the System:

" With such conditions in force it is not impossible or improbable that certain may come about as to what the exact rights of the Province or the municipalities mentioned are if Sinking Funds be collected from such municipalities as part of the cost of power delivered to them and they are so permitted to obtain a proprietary interest in the System. Under such circumstances I recommend that the condition of affairs be discussed between the Government and the Commission and some definite basis be arrived at which will determine whether the System is to continue to be owned by the Province or in the alternative it is to pass to the municipalities subject to a lien for repayment of the investments in and advances of the Province to the System. Such an understanding should in my opinion be come to before any Sinking Funds are collected from the municipalities--as part of the cost of power to them--for with acceptance of such Sinking Funds they will obtain an interest in the System which would then be owned jointly by the Province and the municipalities, with doubt obtaining as to whether--as owned--it has to be operated under the provisions of the Power Commission Act or not."

According to Mr. Clarkson, as of March, 1930, "The results of operation of the System have not to this point been very encouraging, but on the contrary, after making full provision for the renewal of works and payment of interest at 4% per annum on the purchase price--and at current rates on further advances--but without any allowance for repayment of the investment or advances of the Province:

- (a) Interest costs and expenses of operation exceeded the income to Oct. 31, 1917 by \$24,218.75;
- (b) Income exceeded interest costs and expenses of operation of the System for the fiscal year ending Oct. 31, 1918 by \$16,800; and
- (c) Interest costs and expenses of operation exceeded the income for fiscal year ending Oct. 31, 1919 by \$182,832..

CENTRAL ONTARIO SYSTEM

-8-

These results were attributable in part to the fact that interest to the amount of approximately \$107,000 per annum has had to be paid on the purchase price of intangible and non-income bearing assets."

For the year ending 31st October, 1921 interest costs and expenses of operation exceeded the income of the System by \$72,508.06.

Deficits

To Oct. 31st, 1920 the accumulated deficit to the debit of operating account of the System was \$167,530.90. This amount was increased in the fiscal year ending Oct. 31st, 1921 by \$11,722.67 for additional water rentals due to the Dominion Government for the period March 1916 to October 1920, and \$2,312.21, being balance due to certain municipalities, making a total of \$181,575.38. The operating deficit for the year ending Oct. 31, 1921 was \$42,674.03, making a total deficit for the whole operating period March 1916 to the end of October, 1921, \$224,249.81. Against this total may be offset balances due by certain municipalities, being the difference between the cost of power supplied to them and the amounts actually paid, amounting to \$55,309.66. Giving the account credit for these unpaid balances, the accumulated deficit would stand at \$168,930.15.

The method of determining the cost of power to the municipalities on the Central Ontario System varies

CENTRAL ONTARIO SYSTEM

-8-

These results were attributable in part to the fact that interest to the amount of approximately \$107,000 per annum has had to be paid on the purchase price of intangible and non-income bearing assets."

For the year ending 31st October, 1921 interest costs and expenses of operation exceeded the income of the System by \$72,508.06.

Policies

To Oct. 31st, 1920 the accumulated deficit to the debit of operating account of the System was \$167,530.90. This amount was increased in the fiscal year ending Oct. 31st, 1921 by \$11,723.67 for additional water rentals due to the Dominion Government for the period March 1916 to October 1920, and \$2,312.21, being balance due to certain municipalities, making a total of \$181,575.38. The operating deficit for the year ending Oct. 31, 1921 was \$42,674.02, making a total deficit for the whole operating period March 1916 to the end of October, 1921, \$224,249.31. Against this total may be offset balances due by certain municipalities, being the difference between the cost of power supplied to them and the amounts actually paid, amounting to \$55,309.66. Giving the account credit for these unpaid balances, the accumulated deficit would stand at \$168,939.15.

The method of determining the cost of power to the municipalities on the Central Ontario System varies

CENTRAL ONTARIO SYSTEM

-9-

to a certain extent from that adopted in respect of the Niagara System. On the Niagara System and other power systems the average cost of power at the point of its generation or purchase includes the bare cost only of generation or purchase of such power at the point of delivery while on the Central Ontario System the average cost of power includes the cost of generation at six different development plants of varied capacities, owned by the System, together with interest and other charges in connection with the tie lines connecting such plants. The gas and water works and the Peterboro Street Railway have shown losses in every year since 1916, although for a time the pulp mill was said to be producing substantial profits. For the year ending 31st Oct., 1921, there was a net loss of \$17,693.84 on the year's operation; on the other hand the electric utilities have in most cases shown a profit.

It is to be noted that the \$8,350,000 worth of debentures given by the Province as the purchase price of the System will mature in 1926, and at that time costs ^{annually} chargeable/against the System will increase if a rate of interest higher than 4% per annum has to be paid with a renewal.

CENTRAL ONTARIO SYSTEM

-2-

to a certain extent from that adopted in respect of the Niagara System. On the Niagara System and other power systems the average cost of power at the point of its generation or purchase includes the bare cost only of generation or purchase of such power at the point of delivery while on the Central Ontario System the average cost of power includes the cost of generation at six different development plants of varied capacities, owned by the System, together with interest and other charges in connection with the tie lines connecting such plants. The gas and water works and the Peterboro Street Railway have shown losses in every year since 1916, although for a time the pulp mill was said to be producing substantial profits. For the year ending 31st Oct., 1921, there was a net loss of \$17,892.84 on the year's operation; on the other hand the electric utilities have in most cases shown a profit.

It is to be noted that the \$8,350,000 worth of debentures given by the Province as the purchase price of the System will mature in 1926, and at that time costs ^{annually} chargeable against the System will increase at a rate of interest higher than 4% per annum has to be paid with a renewal.

CENTRAL ONTARIO SYSTEM

-10-

Speaking generally of the Central Ontario

System in March, 1920, Mr. Clarkson stated as follows:

"On the whole I regard the present position of the Central Ontario System as unsatisfactory from the standpoint of the Province, and would advise, when it be found possible to do so, and in a manner fair and equitable to the Province and the municipalities, that it be put upon a Hydro Municipal basis. As their operation is entirely foreign to an undertaking of the character of the Central Ontario System, it is my opinion that the Pulp mill and Bruton Township timber limit should be disposed of at the first favorable opportunity. Steps to this end are, I understand, now being taken."

CENTRAL ONTARIO SYSTEM

-10-

Speaking generally of the Central Ontario

System in March, 1920, Mr. Clarkson stated as follows:

"On the whole I regard the present position of the Central Ontario System as unsatisfactory from the standpoint of the Province, and would advise, when it be found possible to do so, and in a manner fair and equitable to the Province and the municipalities, that it be put upon a Hydro Municipal basis. As their operation is entirely foreign to an undertaking of the character of the Central Ontario System, it is my opinion that the Pulp Mill and Bruden Township timber limit should be disposed of at the first favorable opportunity. Steps to this end are, I understand, now being taken."

CENTRAL ONTARIO SYSTEMNotes

- (1) Purchase authorized, and the agreement which is set out in full as a schedule, confirmed by the Legislature, 1916, 6 Geo.V, Chap.18.
- (2) The following is the effect of the Order-in-Council:

"Upon the recommendation of the Honourable the Minister of Lands, Forests and Mines, the Committee of Council advise that under the authority of and pursuant to The Central Ontario Power Act, Chap. 18, 6 Geo.V, until further or other order, amending or varying this order, the control, administration and management of all undertakings, properties, rights, contracts, privileges, franchises and businesses vested in the Crown, under and by virtue of the said Act be granted to and vested in the Hydro-Electric Power Commission of Ont.

"The Committee further advise that the said businesses may be continued and carried on by the said Commission in their own name, or in the name of His Majesty, or in the name of any or all of the companies whose businesses have been acquired by the Crown under the provisions of the said Act.

"And the Committee further advise that the Hydro-Electric Power Commission of Ontario for the purposes of the management, control, and administration of any and all of the said businesses, be granted all the rights, powers and privileges of control, administration, and management thereof, which the company whose undertakings, property, rights, contracts, licenses, privileges, franchises and businesses is or are vested in the Crown, had at the time of such vesting.

"And the Committee further advise that in the conduct of the administration and management of the property by this order committed to their management, the Commission do carry on the same, as a separate department or branch of the business of the said Commission.

Notes

(1) Purchase authorized, and the agreement which is set out in full as a schedule, confirmed by the Legislature, 1916, 6 Geo.V. Chap.18.

(2) The following is the effect of the Order-in-Council:

"Upon the recommendation of the Honourable the Minister of Lands, Forests and Mines, the Committee of Council advise that under the authority of and pursuant to The Central Ontario Power Act, Chap. 18, 6 Geo.V, until further or other order, amending or varying this order, the control, administration and management of all undertakings, properties, rights, contracts, privileges, franchises and businesses vested in the Crown, under and by virtue of the said Act be granted to and vested in the Hydro-Electric Power Commission of Ont. "The Committee further advise that the said businesses may be continued and carried on by the said Commission in their own name, or in the name of His Majesty, or in the name of any or all of the companies whose businesses have been acquired by the Crown under the provisions of the said Act. "And the Committee further advise that the Hydro-Electric Power Commission of Ontario for the purposes of the management, control, and administration of any and all of the said businesses, be granted all the rights, powers and privileges of control, administration, and management thereof, which the company whose undertakings, property, rights, contracts, licenses, privileges, franchises and businesses is or are vested in the Crown, had at the time of such vesting. "And the Committee further advise that in the conduct of the administration and management of the property by this order committed to their management, the Commission do carry on the same, as a separate department or branch of the business of the said Commission.

CENTRAL ONTARIO SYSTEMNotes

-2-

"And the Committee further advise that the comptroller of the Commission, and the Auditor or Auditors appointed under the provisions of Chapter 19, 6 Geo.V, shall in respect of the account and cheques of the Commission kept or issued in reference to the property by this order dealt with, have and perform the same duties and obligations as are imposed upon them or either of them under the said Act, in reference to the other accounts and cheques of the said Commission.

Certified,

G. F. Bulmer

Clerk, Executive Council."

- (3) From Statement by G. T. Clarkson, dated 19th March, 1920 .
- (4) "Water Power" - Statement of Sir Adam Beck before Committee of the House of Representatives, - - page 17
- (5) Auditors' Report, 1921 , page 67 et.seq

CENTRAL ONTARIO SYSTEM

-2-

Notes

"And the Committee further advise that the comptroller of the Commission, and the Auditor or Auditors appointed under the provisions of Chapter 19, & Geo. V, shall in respect of the account and charges of the Commission kept or issued in reference to the property by this order dealt with, have and perform the same duties and obligations as are imposed upon them or either of them under the said Act, in reference to the other accounts and charges of the said Commission.

Certified,

G. F. Palmer

Clerk, Executive Council."

(3) From Statement by G. F. Clarkson, dated 19th March, 1920.

(4) "Water Power" - Statement of Sir Adam Beck before Committee of the House of Representatives, - - page 17

(5) Auditors' Report, 1921, page 67 et seq.

CENTRAL ONTARIO SYSTEM

Observations and Addenda

- (1) Observation is called to the fact that on the 18th July, 1918, an Order-in-Council was passed on the recommendation of the Attorney-General and of the H.E.P.C. that the Flour Mill at Campbellford be sold and handed over to the Peterboro Cereal Company for \$6,300. The following is the text of the Order-in-Council:

"The Committee of Council have had under consideration the report of the Honourable the Attorney-General, dated 11th July, 1918, wherein he states that by Order-in-Council of 5th May, 1916 it was provided that under the authority and pursuant to the Central Ontario Power Act, 1916, Chap. 18, 6 Geo.V. the control, administration and management of all undertakings, properties, rights, contracts, privileges, franchises and businesses vested in the Crown under and by virtue of the said Act be granted to and vested in the Hydro-Electric Power Commission of Ontario until further or other Order amending or varying the said Order. That the Hydro-Electric Power Commission of Ontario has reported that it is in the public interest that a flour mill at Campbellford one of the properties so vested as aforementioned, be sold and handed over to the Peterboro Cereal Company Limited for Six Thousand Three hundred dollars (\$6,300); Thirteen hundred dollars (\$1300) in cash and a mortgage for Five thousand dollars (\$5000) with interest at 6%, the principal to be paid in two instalments one on 1st May, 1919 and the other on First May, 1920.

"The Attorney-General recommends that the said sale be approved by Your Honor and that the said property be granted to and vested in the Peterboro Cereal Company, Limited, and that the Order-in-Council of the 5th day of May, 1916, above mentioned be varied accordingly, such property being described as follows: All and singular that certain parcel or tract of land and premises situate lying and being in the Town of Campbellford in the Province of Ontario, known and described as follows, that is to say, being composed of Lot number One on the East side of the River Trent as laid down on the plan of

Observations and Addenda

(1) Observation is called to the fact that on the 18th July, 1918, and Order-in-Council was passed on the recommendation of the Attorney-General and of the H.B.C. that the River Mill at Campbellford be sold and handed over to the Peterboro Cereal Company for \$8,300. The following is the text of the Order-in-Council:

"The Committee of Council have had under consideration the report of the Honourable the Attorney-General, dated 11th July, 1918, wherein he states that by Order-in-Council of 5th May, 1916 it was provided that under the authority and pursuant to the Central Ontario Power Act, 1916, Chap. 18, 6 Geo. V, the control, administration and management of all undertakings, properties, rights, contracts, privileges, franchises and businesses vested in the Crown under and by virtue of the said Act be granted to and vested in the Hydro-Electric Power Commission of Ontario until further or other Order amending or varying the said Order. That the Hydro-Electric Power Commission of Ontario has reported that it is in the public interest that a River Mill at Campbellford one of the properties so vested as aforementioned, be sold and handed over to the Peterboro Cereal Company Limited for Six Thousand Three Hundred dollars (\$8,300); Thirteen hundred dollars (\$1300) in cash and a mortgage for five thousand dollars (\$5000) with interest at 6%, the principal to be paid in two instalments one on 1st May, 1919 and the other on 1st May, 1920.

"The Attorney-General recommends that the said sale be approved by Your Honor and that the said property be granted to and vested in the Peterboro Cereal Company, Limited, and that the Order-in-Council of the 5th day of May, 1916, above mentioned be varied accordingly, such property being described as follows: All and singular that certain parcel or tract of land and premises situate lying and being in the Town of Campbellford in the Province of Ontario, known and described as follows, that is to say, being composed of Lot Number One on the East side of the River Trent as laid down on the plan of

CENTRAL ONTARIO SYSTEMObservations and Addenda -2-

Water lots in said Town of Campbellford made by C. F. Caddy, P.L.S. registered as Plan No. 77 $\frac{1}{2}$ (being also known as Lot number One according to plan made by George W. Rannie) together with Mill lot and all buildings and erections and raceways thereon erected and being in East Factory Block, and comprising all machinery, appliances, water wheels, turbines and all driving and Milling machinery of any and all kinds whatsoever at present in the flour mill and chop mill erected on said premises for the operation thereof, save and except thereout all that portion of said Lot number One north of the line of the North wall of the mill now situate upon said lot number One, the lands hereby conveyed or intended so to be, being shown enclosed in red on the attached plan. Also any right, title or interest that the Vendor may have in all that part of Block "E" on Front Street in the said Town of Campbellford according to the last registered plan of said Town south of Lot number Three in said Block not heretofore conveyed to Patrick Heaney or other parties and bounded in green on the plan hereto attached. The whole subject to the condition that each owner or lessee on the east side of the River is to cover the whole raceway with a strong platform or planking for his and the public convenience.

"The Committee concur in the recommendation of the Attorney-General and advise that the same be acted on.

Certified,

G. F. Bulmer,
Clerk, Executive Council."

Water lots in said Town of Campbellford made by O. F. Gaddy, P.L.S. registered as Plan No. 775 (being also known as Lot Number One according to plan made by George W. Hannis) together with Mill lot and all buildings and erections and raceways thereon erected and being in East Factory Block, and comprising all machinery, appliances water wheels, turbines and all driving and Milling machinery of any and all kinds whatsoever at present in the flour mill and shop will erected on said premises for the operation thereof, save and except thereout all that portion of said lot number one north of the line of the North wall of the mill now situate upon said lot number one, the lands hereby conveyed or intended so to be, being shown enclosed in red on the attached plan. Also any right, title or interest that the Vendor may have in all that part of Block "E" on Front Street in the said Town of Campbellford according to the last registered plan of said Town south of lot number Three in said Block not heretofore conveyed to Patrick Henney or other parties and bounded in green on the plan hereto attached. The whole subject to the condition that each owner or lessee on the east side of the River is to cover the whole raceway with a strong platform or plank for his and the public convenience.

"The Committee consent in the recommendation of the Attorney-General and advise that the same be acted on.

Certified,

O. F. Palmer,
Clerk, Executive Council."

CENTRAL ONTARIO SYSTEMObservations and Addenda

- 3 -

The Commission has no funds of its own with which to meet any responsibility, and it is not trustee for the municipalities as in the case of most of the other systems. If it were trustee it would be for the Government, but it would be more correct to say it is the agent or agency of the Government.

Where, and to the extent that, the H.E.P.C. acts as the agent for the Ontario Government in collecting rates for power, gas, water or other service, the relation of the Commission to the municipality is in reality that of tax collector. The amount of the rates in such cases is determined by the Government having regard to the revenue necessary to meet the charges on the capital. The Government is doubtless guided by the advice of the H.E.P.C. in the laying out of these rates but they are essentially the Government's rates and not the Commission's rates.

Where the rate has thus been fixed by the Government on the Commission's advice, the responsibility of the Commission apparently ends and the Government and not the Commission must assume the responsibility for the adequacy of the rates.

It would seem readily arguable that any losses accruing by reason of inadequacy of rates should not

38
GENERAL ONTARIO SYSTEM

Observations and Remarks

The Commission has no funds of its own with which to meet any responsibility, and it is not trusted by the municipalities as in the case of most of the other systems. If it were trusted it would be for the Government, but it would be more correct to say it is the agent or agency of the Government.

Where, and to the extent that, the R.R.P.O. acts as the agent for the Ontario Government in collecting rates for power, gas, water or other services, the relation of the Commission to the municipality is in reality that of tax collector. The amount of the rates in such cases is determined by the Government having regard to the revenue necessary to meet the charges on the capital. The Government is doubtless guided by the advice of the R.R.P.O. in the laying out of these rates but they are essentially the Government's rates and not the Commission's rates.

Where the rate has been fixed by the Government on the Commission's advice, the responsibility of the Commission apparently ends and the Government and not the Commission must assume the responsibility for the adequacy of the rates.

It would seem readily arguable that any losses accruing by reason of inadequacy of rates should not

be carried against any of the municipalities. The rate having been determined by the Government through its agent the Hydro-Electric Power Commission, the municipality is under no responsibility for its adequacy and therefore under no responsibility for losses and on the other hand is not entitled to the benefit of any profit. It would follow that profits made in one municipality could quite properly be set off against losses in another municipality.

be carried against any of the municipalities. The rate having been determined by the Government through its agent the Hydro-Electric Power Commission, the municipality is under no responsibility for its adequacy and therefore under no responsibility for losses and on the other hand is not entitled to the benefit of any profits. It would follow that profits made in one municipality could quite properly be set off against losses in another municipality.

CENTRAL ONTARIO SYSTEM

Extract from files of H.E.P.C. re purchase of Electric Power Co.Ltd.

Report was prepared by Commission's engineers on the
Electric Power Company's service January 27th and
February 5th, 1912.

On April 25th, 1912, resolution was passed by Directors
of Electric Power Company held at Montreal to enter
into an agreement with Provincial Government by which
H. E. P. C. should at all times have full power to
regulate the rates to be charged by the Company for the
sale of electric energy and that the Company will sell
to any of the municipalities at rates approved by the
H.E.P.C.; that the policy of the Company shall at all
times be communicated to the Government and subject to
its supervision and approval.. Such undertakings are
acceptable to the Government it then agrees to undertake
not to expropriate any lands or water powers and to in-
form the Dominion Government that it is advisable to
grant leases of water powers in the Trent River.

On October 5th, 1914, letter from F. A. Gaby to Electric Power
Company agreeing to purchase temporary power from that
Company at \$18.00 per h.p. at 2300 volts.

CENTRAL ONTARIO SYSTEM

Extract from files of H.E.P.C. re purchase of Electric Power Co. Ltd.

Report was prepared by Commission's engineers on the
Electric Power Company's service January 27th and
February 5th, 1912.

On April 25th, 1912, resolution was passed by Directors
of Electric Power Company held at Montreal to enter
into an agreement with Provincial Government by which
H. E. P. C. should at all times have full power to
regulate the rates to be charged by the Company for the
sale of electric energy and that the Company will sell
to any of the municipalities at rates approved by the
H.E.P.C.; that the policy of the Company shall at all
times be communicated to the Government and subject to
its supervision and approval.. Such undertakings are
acceptable to the Government if then agree to undertake
not to expropriate any lands or water powers and to in-
form the Dominion Government that it is advisable to
grant leases of water powers in the Trent River.

On October 5th, 1914, letter from F. A. Gaby to Electric Power
Company agreeing to purchase temporary power from that
Company at \$18.00 per h.p. at 2500 volts.

CENTRAL ONTARIO SYSTEMPage #2

On February 4th, 1915, a valuation was made by H.E.P.C. being in 7 volumes.

By agreement, bearing date 10th March, 1916, between the Electric Power Co. Limited and the Province of Ontario (validated by Chapter 18, 6 George V) the Province of Ontario acquired all the assets of the 22nd companies the capital stock of which was owned by the said Electric Power Co. Limited.

Memorandum noted on 20th April, 1916, otherwise undated and unsigned.

Notes re purchase of Electric Power Co's system and Properties

Mr. Pope when in Ottawa called upon Dr. Reed at his room at the Parliament Buildings in the evening regarding Canadian Northern bills. While he was there Mr. Strachan Johnson came in and at once started to discuss the power situation in the east evidently as a result of a deputation from the east what had that day called on Dr. Reed. Dr. Reed stated that he was coming to Toronto Friday night and intended seeing the Ontario Government and if possible the Chairman of the Commission on Saturday with a view to coming to some conclusion as to what should be done respecting power in the east. When he returned home Mr. Pope telephoned Sir Adam Beck and told him that he was to let Dr. Reed know when and where it would be

On February 4th, 1915, a valuation was made by H.E.P.C. being

in 7 volumes.

By agreement, bearing date 10th March, 1916, between the Electric

Power Co. Limited and the Province of Ontario (validated

by Chapter 18, & George V) the Province of Ontario ac-

quired all the assets of the 22nd companies the capital

stock of which was owned by the said Electric Power Co.

Limited.

Memorandum noted on 20th April, 1916, otherwise undated and unsigned.

Notes re purchase of Electric Power Co's system and
Properties

Mr. Pope when in Ottawa called upon Dr. Reed at his room

at the Parliament Buildings in the evening regarding

Canadian Northern bills. While he was there Mr. Strachan

Johnson came in and at once started to discuss the power

situation in the east evidently as a result of a deput-

ation from the east what had that day called on Dr. Reed.

Dr. Reed stated that he was coming to Toronto Friday

night and intended seeing the Ontario Government and if

possible the Chairman of the Commission on Saturday with

a view to coming to some conclusion as to what should be

done respecting power in the east. When he returned

home Mr. Pope telephoned Sir Adam Beck and told him that

he was to let Dr. Reed know when and where it would be

CENTRAL ONTARIO SYSTEM

convenient for him to see him. Sir Adam stated that he would prefer Sunday although he could make it Saturday if necessary. Mr. Pope called Dr. Reed on the telephone and delivered Sir Adam's message relative to the appointment to which Dr. Reed replied that he would have to see Sir Adam on Saturday as he proposed leaving Saturday night for his home at Prescott. In view of this he fixed Saturday afternoon 1.45 at the King Edward and said he would meet Sir Adam in the corridor at that hour. The appointment was made accordingly.

Previous to this time an application had been made to the Government for expropriation of power developments to supply to eastern Ontario.

As it is recollected Sir Adam Beck called Mr. Pope and asked him to get in touch with Mr. Staunton and endeavour to have him present also. Mr. Pope got in communication with Mr. Staunton's office and house but while he was informed that Staunton was in Toronto was not able to reach him. About 8.30 P.M. Mr. Gaby was called and instructed to meet Sir Adam in Mr. Ferguson's room at the Parliament Buildings where he found present, Sir Adam Beck, Dr. Reed, Mr. Ferguson and Mr. Staunton. The Electric Power Company situation was discussed under the following heads; viz:

situation was discussed under the following heads; viz:

Mr. Ferguson and Mr. Stannton. The Electric Power Company Buildings where he found present, Sir Adam Beck, Dr. Reed, to meet Sir Adam in Mr. Ferguson's room at the Parliament him. About 8.30 P.M. Mr. Gaby was called and instructed formed that Stannton was in Toronto was not able to reach with Mr. Stannton's office and house but while he was in- to have him present also. Mr. Pope got in communication asked him to get in touch with Mr. Stannton and endeavour As it is recollected Sir Adam Beck called Mr. Pope and to supply to eastern Ontario.

the Government for expropriation of power developments Previous to this time an application had been made to ment was made accordingly.

meet Sir Adam in the corridor at that hour. The appoint- day afternoon 1.45 at the King Edward and said he would for his home at Prescott. In view of this he fixed Satur- Sir Adam on Saturday as he proposed leaving Saturday night ment to which Dr. Reed replied that he would have to see and delivered Sir Adam's message relative to the appoint- it necessary. Mr. Pope called Dr. Reed on the telephone would prefer Sunday although he could make it Saturday convenient for him to see him. Sir Adam stated that he

CENTRAL ONTARIO SYSTEMPage #4

1. Valuation (a) Present value of \$4,410,466.
(b) Replacement value of \$5,598,411.
2. Bonds and Debenture indebtedness and holders thereof as summary sheet which shows that there were issued bonds to the extent of \$9,025,000. of which ~~2~~ 90% are held by the Sun Life.
3. Financial operation of the undertaking show that the actual operating figures of the company included gross earnings and operating expenses.
4. Details of the above mentioned operating expenses including interest were discussed and it was shown that the Company was short over \$170,000. in 1912-1913 on account of interest and about \$100,000. in 1913-1914 on the same account.

The offer to purchase made to the Electric Power Company of \$7,200,000. was discussed and the statement made that the sum was much more than the properties were worth and that it would be some years before the proposition could be made to pay. The above mentioned offer was made as a maximum to settle the power question in the District.

Dr. Reed stated that the Company had advised that it had made actual cash investment of \$8,350,000. Considerable discussion was raised of the proposed purchase of the Company at

CENTRAL ONTARIO SYSTEM

Page #4

1. Valuation (a) Present value of \$4,410,466.
(b) Replacement value of \$5,538,411.
 2. Bonds and Debenture indebtedness and holders thereof as summary sheet which shows that there were issued bonds to the extent of \$9,025,000. of which a 90% are held by the Sun Life.
 3. Financial operation of the undertaking show that the actual operating figures of the company included gross earnings and operating expenses.
 4. Details of the above mentioned operating expenses including interest were discussed and it was shown that the Company was short over \$170,000. in 1912-1913 on account of interest and about \$100,000. in 1913-1914 on the same account.
- The offer to purchase made to the Electric Power Company of \$7,200,000. was discussed and the statement made that the sum was much more than the properties were worth and that it would be some years before the proposition could be made to pay. The above mentioned offer was made as a maximum to settle the power question in the District.
- Dr. Reed stated that the Company had advised that it had made actual cash investment of \$8,350,000. Considerable discussion was raised of the proposed purchase of the Company at

CENTRAL ONTARIO SYSTEMPage #5

the figure of \$7,200,000. of the market value of Government bonds placed at 5% or the purchase at the figure of \$8,350,000 with 4% Government bonds payable in 50 years, with 40 years sinking fund in both cases

The following figures were discussed:-

\$7,200,000. at 5% interest	\$360,000.
Sinking fund after first 10 years	<u>72,000.</u>
Total annual charges	\$432,000.

Purchase \$8,350,000.

\$8,350,000. at 4% interest	\$334,000.
Sinking fund after first 10 years.....	<u>83,500.</u>
Total annual charges	\$417,500.

It was agreed that the better proposition was the offer to the Company of the sum of \$8,350,000. with 4% Government bonds maturing in 50 years with sinking fund deferred for the first 10 years. A letter was drawn up tentatively by Mr. Staunton in long-hand which Mr. Gaby was instructed to have typed. In the typing of the letter a reference was made to the Trent District which was however corrected by Sir Adam's letter of March 9th.

7.200.000

the figure of \$7,200,000. of the market value of Government bonds placed at 5% or the purchase at the figure of \$8,350,000 with 4% Government bonds payable in 50 years, with 40 years sinking fund in both cases

The following figures were discussed:-

\$7,200,000. at 5% interest	\$360,000.
Sinking fund after first 10 years	<u>72,000.</u>
Total annual charges	\$432,000.
<u>Purchase \$8,350,000.</u>	
\$8,350,000. at 4% interest	\$334,000.
Sinking fund after first 10 years	<u>83,500.</u>
Total annual charges	\$417,500.

It was agreed that the better proposition was the offer to the Company of the sum of \$8,350,000. with 4% Government bonds maturing in 50 years with sinking fund deferred for the first 10 years. A letter was drawn up tentatively by Mr. Stanton in long-hand which Mr. Gaby was instructed to have typed. In the typing of the letter a reference was made to the Trent District which was however corrected by Sir Adam's letter of March 9th.

CENTRAL ONTARIO SYSTEM

DIGEST OF FILE NO. 19287, DEPARTMENT OF LANDS
& FORESTS

WATER POWER PURCHASE. - CENTRAL ONTARIO

7th Oct., 1915 - Telegram, Strachan Johnston to Frank Cochrane confirming agreement to submit to Sir Henry Drayton, sole and final arbitrator, compensation to be paid by H.E.P.C. to Electric Power Company.

NOTE: It appears Mr. Ferguson had proposed that Sir Henry Drayton be arbitrator and that Mr. Johnston had gone to Ottawa to see Mr. Cochrane and Mr. Macaulay, President Sun Life Co. in order to secure his acceptance of the proposal.

9th December, 1915 - Letter, Strachan Johnston to Ferguson. Johnston relates conferences with Cochrane and Macaulay and suggests that Drayton, if willing, to act, should indicate his wishes as to the submission of claims.

10th Dec., 1915- Letter, Ferguson to Johnston, suggesting that Mr. Johnston and Hydro representatives attend before Drayton as to form and terms of submission.

10th Dec., 1915 (#) - Letter Johnston to Ferguson enclosing letter from Drayton to Johnston, and advising Ferguson of his willingness to appear before Drayton at any time.

Enclosure: Letter, Drayton to Johnston, Dec. 9, 1915, advising Johnston of willingness to act and suggesting date of preliminary meeting.

4th March, 1916- Letter, Beck to Ferguson, recommending purchase at \$8,350,000 - Set out in full at page 63_{rq} herein.

7th March, 1916 - Formal recommendation of H.E.P.C. addressed to Lieutenant-Governor in Council, Set out at page 48₆₂ Herein.

20th March, 1916- Letter, Ferguson to W.H. Ferguson of Miller, Ferguson & Hunter, instructing latter to go into titles of Electric Power Co.

15 Dec., 1915 (#) - Verbatim copy of preliminary hearing before Sir Henry Drayton at Toronto this date as to terms of arbitration. / See page 650 -

GENERAL OFFICE REPORT

DIRECT OF FILE NO. 18887, DEPARTMENT OF LANDS
& FORESTS

WATER POWER PROPOSAL - GENERAL OFFICE

7th Oct., 1918 - Telegram, Sir James Johnston to Frank Cochrane
containing agreement to submit to Sir Henry
Drayton, sole and final arbitrator, com-
pensation to be paid by H.B.P.C. to Niagara
Power Company.

NOTE: It appears Mr. Ferguson had proposed that
Sir Henry Drayton be arbitrator and that
Mr. Johnston had gone to Ottawa to see Mr.
Cochrane and Mr. Macaulay, President B.C.
Life Co. in order to secure his acceptance
of the proposal.

2nd December, 1918 - Letter, Sir James Johnston to Ferguson.
Johnston relates conference with Cochrane
and Macaulay and suggests that Drayton, if
willing to act, should indicate his wishes
as to the submission of claims.

10th Dec., 1918 - Letter, Ferguson to Johnston, suggesting
that Mr. Johnston and Hydro representatives
attend before Drayton as to form and terms
of submission.

10th Dec., 1918 - Letter Johnston to Ferguson enclosing letter
from Drayton to Johnston, and advising
Ferguson of his willingness to appear before
Drayton at any time.

Enclosure: Letter, Drayton to Johnston, Dec. 8, 1918,
advising Johnston of willingness to act
and suggesting date of preliminary meeting.

2nd March, 1918 - Letter, Beck to Ferguson, recommending
purchase at \$8,350,000 - set out in full at
page 63rd herein.

7th March, 1918 - Formal recommendation of H.B.P.C. addressed
to Lieutenant-Governor in Council, set out
at page 184-4 herein.

20th March, 1918 - Letter, Ferguson to W.K. Ferguson of Miller,
Ferguson & Hunter, instructing latter to go
into details of Niagara Power Co.

18 Dec., 1918 (5) - Verbatim copy of preliminary hearing before
Sir Henry Drayton at Toronto this date as
to terms of arbitration.

- 20th March, 1916 - Letter, Hearst to Ferguson, suggesting the Province apply for all the water powers on the Trent Canal not already disposed of, without prejudice to the claims of the Province in connection with these powers.
- 24th March, 1916 - Letter, Ferguson to W.E. Ferguson, "The agreement sets forth that we are to take over the physical assets, titles, etc., and I want that done. The question of getting the stock was really ancillary to enable us to control absolutely the situation."
- 24th March, 1916 - Letter, Ferguson to Hearst, replying to letter of 20th. - "It is my purpose to make an application to secure all these powers in the immediate future."
- 24th March, 1916 - Letter, Ferguson to Strachan Johnston, stating that "Now that the Government has purchased the Electric Power Co.'s interests"...it desires to secure the powers on the Trent River outside your holdings", and suggesting that he write to Ottawa advising them of purchase and the assignments of all interests and claims to the Province.
- 25th March, 1916 - Letter, Johnston to Ferguson, enclosing letter written to Minister of Railways and Canals in accordance with Ferguson's request 24th March.
The enclosure formally advises Ottawa of the agreement of sale between the Company and the Province.
- 27th March, 1916 - Letter, J. D. Reid, Acting Minister of Railways & Canals, to Ferguson, acknowledging receipt of formal application for water powers on Trent River Canal.
- 1st April, 1916 - Letter W.E. Ferguson to H.E.P.C. forwarding to Ferguson for his information, making arrangements as to searching of titles and access to Commission's records.
- 5th May, 1916 - Copy of Order-in-Council authorizing purchase,
(Set out at page 20 herein)

20th March, 1916 - Letter, Ferguson to Ferguson, suggesting the Province apply for all the water powers on the Trent Canal not already assigned or, without prejudice to the claims of the Province in connection with these powers.

24th March, 1916 - Letter, Ferguson to W.H. Ferguson, "The agreement made forth that we are to take over the physical assets, titles, etc., and I want that done. The question of getting the stock was really ancillary to enable us to control absolutely the situation."

24th March, 1916 - Letter, Ferguson to Hearst, replying to letter of 20th. - "It is my purpose to make an application to secure all these powers in the immediate future."

24th March, 1916 - Letter, Ferguson to Buchanan Johnston, stating that "Now that the Government has purchased the Ontario Power Co.'s interests"... it desires to secure the powers on the Trent River outside your holdings", and suggesting that he write to Ottawa advising them of purchase and the assignments of all interests and claims to the Province.

25th March, 1916 - Letter, Johnston to Ferguson, enclosing letter written to Minister of Railways and Canals in accordance with Ferguson's request 24th March. The enclosure formally advises Ottawa of the agreement of sale between the Company and the Province.

27th March, 1916 - Letter, J. D. Reid, Acting Minister of Railways & Canals, to Ferguson, acknowledging receipt of formal application for water powers on Trent River Canal.

1st April, 1916 - Letter W.H. Ferguson to H.H.F.C. forwarding to Ferguson for his information, making arrangements as to recording of titles and access to Commissioner's records.

5th May, 1916 - Copy of Order-in-Council authorizing purchase. (Set out at page 47)

5th June, 1916 - Letter, Kilmer, Irving & Davis, to Ferguson, calling attention to the rights of the Northumberland Paper & Electric Co., viz: the obligation of the ~~XXXXX~~ Eastern Power Co. (later the Electric Power Co) to furnish 1,000 h.p. in perpetuity on certain terms.

18th July, 1916 - Letter, Strachan Johnston to Ferguson complaining bitterly of delay in not receiving purchase price and pointing out that the agreement "expressly provides that the purchaser accepts the title."

--The delay appeared to be in having the proposed bonds engraved by the treasurer.--

NOTE: Considerable correspondence over adjustments and delay in getting the bonds.

30th Aug., 1916 - Letter, Ferguson to McGarry requesting him "as a personal favor to Thomson, Tilley & Johnston, who have treated me with every courtesy during these negotiations and since" --to pay the interest on 1st September despite the delay delivering the formal bonds.

26th Sept., 1916 - Letter, W.N. Ferguson to Ferguson reporting on titles.
(Set out in full at page 2/68 herein)

30th Sept., 1916 - Letter, Ferguson to W.N. Ferguson, acknowledging receipt of letter 26th suggesting conference at early date.

3rd Oct., 1916 - Letter from T. H. Stinson, Barrister, Lindsay, to Ferguson, asking for appointment to hear deputation from Central Ontario municipalities in protest against term of Statute that property of Electric Power Co. acquired by Province should be free of taxation.

NOTE: The deputation finally waited upon the Government on the 24th Oct., Mr. Hearst and Mr. Ferguson being present.

25th June, 1916 - Letter, Kilmer, Irving & Davis, to Ferguson, calling attention to the rights of the Northwestern Paper & Mill Co., viz: the obligation of the United States Power Co. (later the Electric Power Co.) to furnish 1,000 h.p. in perpetuity on certain terms.

18th July, 1916 - Letter, Strachan Johnston to Ferguson concerning delay in not receiving purchase price and pointing out that the agreement "expressly provides that the purchaser accepts the title."

--The delay appeared to be in having the proposed bonds engraved by the printer.--

NOTE: Considerable correspondence over adjustments and delay in getting the bonds.

20th Aug., 1916 - Letter, Ferguson to McGarry requesting him "as a personal favor to Thomas, Wiley & Johnston, who have treated me with every courtesy during these negotiations and asked to pay the interest on 1st September despite the delay delivering the formal bonds."

20th Sept., 1916 - Letter, W.H. Ferguson to Ferguson reporting on sales.
(See also in full at page 2 of report)

20th Sept., 1916 - Letter, Ferguson to W.H. Ferguson, acknowledging receipt of letter 20th suggesting continuing as early date.

2nd Oct., 1916 - Letter from E. H. Wilson, Barrister, Lindsay, to Ferguson, asking for appointment to hear deposition from Central Canada municipalities in protest against term of 100 years that property of Electric Power Co. acquired by Province should be free of taxation.

NOTE: The deposition finally waited upon the Government on the 2nd Oct., Mr. Wilson and Mr. Ferguson being present.

7th Oct., 1916 -Letter, W.H.Ferguson to Ferguson re titles Trent Valley (Set out in full at page 24 herein) 65

16th Oct., 1916 -Letter, W.H.Ferguson to McGarry suggesting that the titles and easements are not all in order as yet and that if it is the intention to hand over the bonds to the Company the balance of \$350,000 be held pending a final investigation and reports on titles.

15th Dec.,

23rd Feb., 1917 - Letter, W.H.Ferguson to Ferguson re titles

5th June, 1917 - Letter, W.H.Ferguson to Ferguson enclosing report on titles with easements.

6th July, 1917 - Letter, W. H. Ferguson to Ferguson specially reporting upon the situation at Trenton.

25th July, 1917 - Ferguson to Hon. Mr. Ferguson re Trenton

"The situation at Trenton is that part of the buildings of the Government purchase are upon lands expropriated by the Dominion Government, and one or more of the Transformer Stations are, according to the survey prepared by the H.E.P.C., upon the lands of the Trent Power Co. which is not one of the companies purchased by the Government but an independent company with which an agreement exists that the Seymour Co., the Trent Power Co. and the Town of Trenton will acquire from the Dominion Government the power right at Dam No.1 and divides them in accordance with that agreement, the particulars of which are referred to in our former report. Mr. Justice Ferguson was of the opinion that the Province should obtain from the Dominion by Statute, lease or grant, the water rights at Dam No.1 and at the other dams up the Trent River."

Mr. Ferguson points out that this matter should be attended to by Mr. Lynch-Staunton, retained by the Province in the pending litigation with the Dominion on the matter of water powers.

18th Oct., 1917 - Letter, W.H. Ferguson to Ferguson re title
Trent Valley (see out in full at page 2)

18th Oct., 1917 - Letter, W.H. Ferguson to Ferguson suggesting
that the title and amendments are not all
in order as yet and that it is the
intention to hand over the bonds to the
Company the balance of \$250,000 be held
pending a final investigation and reports
on title.

18th Dec.,

22nd Feb., 1917 - Letter, W.H. Ferguson to Ferguson re title
25th June, 1917 - Letter, W.H. Ferguson to Ferguson enclosing
report on title with amendments.

28th July, 1917 - Letter, W. H. Ferguson to Ferguson
specially reporting upon the situation at
Trenton.

28th July, 1917 - Ferguson to Hon. Mr. Ferguson re Trenton

"The situation at Trenton is that part
of the buildings of the Government purchase
are upon lands expropriated by the Dominion
Government, and one or more of the former
former stations are, according to the
survey prepared by the H.R.C., upon the
lands of the Trent Power Co. which is not
one of the companies purchased by the
Government but an independent company with
which an agreement exists that the Government
Co., the Trent Power Co. and the Town of
Trenton will acquire from the Dominion
Government the power right at Dam No. 1
and divide them in accordance with that
agreement, the particulars of which are
referred to in our former report. Mr.
Justice Ferguson was of the opinion that
the Province should obtain from the
Dominion by statute, lease or grant, the
water rights at Dam No. 1 and at the other
dams up the Trent River."

Mr. Ferguson points out that this matter
should be attended to by Mr. Lynch-Stanston.
retained by the Province in the pending
litigation with the Dominion on the matter
of water powers.

-6-

1918

Correspondence since 25th July, 1917 appears to relate chiefly to the litigation between Miller, Ferguson & Hunter and the Province as to the amount of his bill, and certain correspondence with respect to the dispute between the Dominion Government and the Commission as to water rentals, etc.

1916

Correspondence since 1917 appears to relate chiefly to the litigation between Miller, Ferguson & Hunter and the Province as to the amount of his bill, and certain correspondence with respect to the dispute between the Dominion Government and the Commission as to water rentals, etc.

**IN THE MATTER OF the Electrical Power Company
of Toronto and subsidiary interests;
and a valuation of certain property of
the said Company.**

Before the Hon. Sir Henry Drayton, K. C., Chief Commissioner,
Board of Railway Commissioners for Canada, at the City Hall,
Toronto, Wednesday the 15th day of December, 1915.

PRESENT:

MR. STRACHAN JOHNSTON, K. C., for the Electrical Power Company.

THE HON. SIR ADAM BUSH, (Chairman).

MR. W. W. POPE, (Secretary).

MR. F. A. GABY, (Chief Engineer).

For the Hydro-Electric Power Commission.

THE HON. T. W. MCGARRY, K. C. (Provincial Treasurer).

THE HON. HOWARD FERGUSON, K. C. (Minister of Lands,
Forests and Mines.)

For the Government of the Province of Ontario.

SIR HENRY DRAYTON: Well, gentlemen, who is appearing?
Let us find out who is here and for what.

MR. JOHNSTON: Pardon me, Sir Henry, before we reach
that, we cannot start an arbitration ~~reference~~ until we know what we
are going to arbitrate.

SIR HENRY DRAYTON: I fancy it is more of a valuation
than an arbitration.

MR. JOHNSTON: That is always a question for discussion
I suppose, but what has taken place so far as I am concerned
is this: First an interview with Mr. Ferguson. Mr. Ferguson
sent for me and I waited on him about a week ago I think, or
a little more. He said that it was desirable that we should
make way for the Hydro-Electric Commission in Ontario.
That may be, from the point of view of some interests
concerned. So far as we are concerned, we were, of course,
quite content with our investment if we were to be allowed to pursue it.

However, to make a long story short, I said that we were
prepared to make way for the Hydro-Electric Commission, considering the

IN THE MATTER OF the Electrical Power Company
of Toronto and subsidiary interests;
and a valuation of certain property of
the said Company.

Before the Hon. Sir Henry Dymoke, K. C., Chief Commissioner,
and of Railway Commissioners for Canada, at the City Hall,
Toronto, Wednesday the 14th day of December, 1916.

PRESENT:

MR. STEPHEN JOHNSON, K. C., for the Electrical Power Company.

THE HON. SIR ABRAHAM BAKER, (Chairman).

MR. F. W. POPE, (Secretary).

MR. F. A. GARDY, (Chief Engineer).

For the Hydro-Electric Power Commission.

THE HON. T. W. MCGARRITY, K. C. (Provincial Treasurer).

THE HON. HOWARD FERGUSON, K. C. (Minister of Lands,
Forests and Mines).

For the Government of the Province of Ontario.

SIR HENRY DYMOKE: Well, gentlemen, who is reporting?
We like out who is here and for what.

MR. JOHNSON: Pardon me, Sir Henry, before we reach
it, we cannot state an arbitration between us until we know what we
going to arbitrate.

SIR HENRY DYMOKE: I fancy it is more of a valuation
an arbitration.

MR. JOHNSON: That is always a question for discussion
suppose, but what has taken place so far as I am concerned
this: First an interview with Mr. Fergusson. Mr. Fergusson
for me and I waited on him about a week ago I think, or
little more. He said that it was desirable that we should
a way for the Hydro-Electric Commission in Ontario.
I may be, from the point of view of some interests
concerned. So far as we are concerned, we were, of course,
be content with our investment if we were to be allowed to pay it.

However, to make a long story short, I said that we were prepared to make way for the Hydro-Electric, considering the requests that had been made upon us, if the matter of the compensation to be paid to us was left to yourself.

We own and operate a number of companies and a number of different properties in Ontario. If that is the understanding that we are to make way for the Hydro, for a compensation to be settled by you, Sir Henry, as sole arbitrator, and if that award is to be binding and final so that both parties must accept it and give effect to it, we are content.

If that is so, then it was suggested to me that the proper thing to do was to reduce that agreement to a submission. That, it seems to me is the proper way to proceed. Then we will have an agreement and we will know where we are.

SIR HENRY DRAYTON: Well, Mr. Ferguson, are you appearing?

MR. FERGUSON: I have a watching brief only. Mr. Johnston has, up to a certain point at any rate, stated accurately my recollection of what occurred.

I do not think we reached the point of saying what the effect of any award or valuation you might make would be or how it would bind the parties to it. My chief thought in requesting Mr. Johnston to come to see me was that we should get over the first stile and get the matter submitted to you; not for the purpose, as he has pointed out, of going into a long detailed arbitration; that was not my thought; but for the purpose of having you fix what the parties interested have been unable so far to fix. That is, a valuation of this property that the Hydro could accept.

As I understand the situation, the Company have placed a price upon their property, and the Hydro says in effect, we cannot afford to pay you that; we think it is excessive; we can afford to pay you so much, which we think is a fair value.

Now my thought was that you would be asked to say -- after satisfying yourself with your investigation -- what you thought a fair value.

If the Hydro Commission feel that they cannot accept that proposition, well and good. And of course we must assume the costs of whatever arbitration and whatever expense there has been. If they feel that they cannot do that, in that event I suppose we must pay whatever expense there is connected with it.

The Hydro-Electric Commission and the Government of Ontario are in a position that is very different from an ordinary individual, as you will understand, Sir Henry. Whatever is done by the Hydro or the Government on this line has to be accepted by certain municipalities. We cannot say that the municipalities are going to accept; and if we were bound to accept as final and purchase on the basis of any valuation, we might find that the municipalities would say, "We won't take the power and we won't pay the price," and we would have on our hand then a property which to us would be valueless in one sense. That is to say a property that we would not be able to handle.

over, to make a long story short, I said that we were prepared to
way for the Hydro-Electric, considering the requests that had been
upon us, if the matter of the compensation to be paid to us was left
ourselves.

We own and operate a number of companies and a number of different
services in Ontario. It is that in the understanding that we are to make
for the Hydro, for a compensation to be settled by you, Sir Henry, as a
arbitrator, and if that award is to be binding and final so that both
sides must accept it and give effect to it, we are content.

If that is so, then it was suggested to me that the proper
y to do was to reduce that agreement to a submission. That, it seems
is the proper way to proceed. Then we will have an agreement
we will know where we are.

SIR HENRY BRIDGES: Well, Mr. Foran, are you appearing?

MR. FORAN: I have a written brief only. Mr. Johnston has
a certain point at my rate, stated accurately my recollection of what
transpired.

I do not think we reached the point of saying what the effect of
award or valuation you might make would be or how it would bind the
sides as it. My client brought in requesting Mr. Johnston to come to
us that we should get over the first side and get the matter
settled to you; not for the purpose, as he has pointed out, of going
a long detailed arbitration; that was not my thought; but for the
case of having you fix what the parties interested have been unable
to fix. That is, a valuation of this property that the Hydro could
pay.

As I understand the situation, the company have placed a price
their property, and the Hydro says in effect, we cannot afford to
pay that; we think it is excessive; we can afford to pay you so much.
We think it is a fair value.

Now my thought was that you would be asked to say -- after
trying yourself with your investigation -- what you thought a fair value

if the Hydro Commission feel that they cannot accept that
either, well and good. And of course we must assume the costs of
very arbitration and whatever expense there has been. If they feel
they cannot do that, in that event I suppose we must pay whatever expense
is connected with it.

The Hydro-Electric Commission and the Government of Ontario
a position that is very different from an ordinary individual.
will understand, Sir Henry. Whatever is done by the Hydro or
Government on this line has to be accepted by certain municipalities.
must say that the municipalities are going to accept; and if we were
to accept as final and purchase on the basis of any valuation, we
find that the municipalities would say, "We won't take the power and
pay the price," and we would have on our hands then a property
to us would be valueless in one sense. That is to say a property
we would not be able to handle.

- 3 -

So that my thought was that Mr. Johnston for his people, feeling that that field must be invaded by the Hydro and that a dual supply company is undesirable in the interests of either, should fix a fair price and if the Hydro saw fit to give it or were willing to give it or if they were prepared to accept your judgment in the matter that would end it. I think that fairly states the proposition, Mr. Johnston, does it not ?

MR. JOHNSTON: That does not state it at all, Mr. Ferguson, as I understood it. I understood that we were to be requested to make way for the Hydro Commission. And the idea of having an award which was not final or binding, never entered into my mind.

After I saw Mr. Ferguson at his request, I spoke to Mr. Cochrane about it and, on the same evening, my interview with Mr. Cochrane having been in Ottawa, I went to Montreal and saw my clients and then at once telegraphed to Mr. Cochrane as follows:-

"After conference with Mr. Macaulay I beg to confirm agreement on behalf of Electric Power Co. to submit to Sir Henry Drayton as sole and final arbitrator compensation to be paid by Hydro Electric Power Commission to us for all our property and assets, Sir Henry also to have jurisdiction as to costs, both parties to be bound by award."

I think I sent a copy of that telegram to you, Mr. Ferguson.

MR. FERGUSON: Yes, you sent a copy to me the other day. I might say I only got it on my return, because I went away immediately after our interview. I was only here for a day I think. I am not sure whether I acknowledged it or not.

MR. JOHNSTON: Yes, you did.. When I sent it to you I wrote you a letter and I thought I had made it perfectly clear what I understood at any rate. I said:-

"I called up your office yesterday but found you were out of town. I saw Mr. Cochrane in Ottawa on Tuesday and conferred with Mr. T. B. Macaulay, President of the Sun Life Assurance Company in Montreal, on Tuesday evening and as a result was able to telegraph to Mr. Cochrane our unqualified acceptance of the proposal you made to me to submit to Sir Henry Drayton, as sole and final arbitrator, the compensation to be paid by the Hydro-Electric Power Commission to us for all our property and assets in Ontario. I enclose herewith copy of my telegram to Mr. Cochrane.

Mr. Cochrane asked me what suggestion I had to make as to the payment of costs and I at once agreed that as Sir Henry Drayton was to fix the compensation he should also have jurisdiction to award costs.

I assume that it will be necessary to enter into an agreement of submission between the Ontario Government or the Hydro-Electric Power Commission on the one hand and the Electric Power Company on the other hand. Assuming that Sir Henry Drayton is willing to act as sole and final arbitrator as to the

MR. JONESTON: That does not state it at all, Mr. Robertson, as understood it. I understood that we were to be requested to make way for the Hydro Commission. And the idea of having an award which was a final or binding, never entered into my mind.

A letter at once telegraphed to Mr. Cochrane as follows:

"After conference with Mr. Macmillan I beg to confirm agreement on behalf of Electric Power Co. to submit to Sir Henry Dwyer as sole and final arbitrator compensation to be paid by Hydro Electric Power Commission as set for all our property and assets. Sir Henry also to have jurisdiction as to costs, both parties to be bound by award."

I think I sent a copy of that telegram to you, Mr. Thompson.

MR. TERSBACH: Yes, you sent a copy to me the other day.
 might say I only got it on my return, because I went away immediately
 for our interview. I was only here for a day I think. I am not sure
 when I acknowledged it or not.

my rate. I said:-
 "and I thought I had made it perfectly clear what I understood
 MR. JOHNSTON: Yes, you did.. When I sent it to you I wrote

"I called up your office yesterday but found you were out of town. I saw Mr. Cochrane in Ottawa on Tuesday and conferred with Mr. E. R. Macaulay, President of the Sun Life Insurance Company in Montreal, on Tuesday evening and as a result was able to telegraph to Mr. Cochrane our unqualified acceptance of the proposal you made to me to submit to Sir Henry Peyton, as sole and final arbitrator, the compensation to be paid by the Hydro-Electric Power Commission to us for all our property and assets in Ontario. I enclose herewith copy of my telegram to Mr. Cochrane.

Mr. Goshorn asked me what suggestion I had to make as to the payment of costs and I at once agreed that as Sir Henry Glynne was to fix the compensation he should also have invitation to award costs.

I assume that it will be necessary to enter into an agreement of understanding between the Ontario Government or the Hydro-Electric Power Commission on the one hand and the Niagara Power Company on the other hand. Assuming that Sir Henry Dufferin is willing to act as a mediator and that the Ontario Government is willing to enter into an agreement with the Niagara Power Company, I assume that it will be necessary to enter into an agreement of understanding between the Ontario Government or the Hydro-Electric Power Commission on the one hand and the Niagara Power Company on the other hand.

- 4 -

compensation to be paid to us, would it not be desirable that Sir Henry should indicate his wishes as to the terms of the submission? For instance, in addition to the right of either party to offer evidence and make argument before him Sir Henry may think it desirable to make inquiries on his own behalf and to engage experts. We are willing to give the arbitrator a free hand in this respect and, therefore, if you think well of the suggestion, to attend before him at an early date to settle the terms of the submission."

Now, Sir Henry, I must say it comes as a surprise to me to hear that we are asked to go into an arbitration that is no arbitration.

MR. FERGUSON: It was perfectly clear, Mr. Johnston, that it was not a question of arbitration at all. We did not discuss the question of arbitration and we did not discuss the terms of a submission. The point was, are you people willing to have Sir Henry Drayton fix a valuation upon this property?

MR. JOHNSTON: That will be binding on both parties.

MR. FERGUSON: We did not go to that extent. I am speaking of our interview now. We did not go to that extent at all.

MR. JOHNSTON: I have told you exactly what took place at the interview, I think. There was never a suggestion to me, I am sure, that the Hydro should be at liberty to accept Mr. Drayton's award or refuse to accept it. That is not a valuation or an arbitration or anything else. From our point of view that would be heads you win and tails we lose.

MR. FERGUSON: No, you would be in the same position.

MR. JOHNSTON: That is not leaving it to Sir Henry, as sole arbitrator. That is leaving it to the Hydro-Electric Commission as sole arbitrator.

MR. FERGUSON: That is where we are of a different opinion. You say Sir Henry is to be sole arbitrator; I say he was to fix a valuation. That has been my view of it from the beginning.

SIR HENRY DRAYTON: I suppose under your suggestion, Mr. Ferguson, no one would be bound?

MR. FERGUSON: No, no one would be bound.

SIR HENRY DRAYTON: Mr. Johnston's clients would not be bound any more than you would.

MR. FERGUSON: Not a bit. The point is this, they having said and we having said we think you can fix a fair and independent valuation, once that is fixed if we cannot accept it we are through dealing with the Seymour people entirely and must seek some other method of solving this problem which would put finality to it. If we do reach a price that we can agree upon that would be well, but I submit it would not be fair to bind either party.

compensation to be paid to us, would it not be desirable that Sir Henry should indicate his wishes as to the terms of the arbitration? For instance, in addition to the right of either party to offer evidence and make argument before him Sir Henry may think it desirable to make inquiries on his own behalf and to engage experts. We are willing to give the arbitrator a free hand in this respect and, therefore, if you think well of the suggestion, to attend before him at an early date to settle the terms of the arbitration.

Now, Sir Henry, I must say it comes as a surprise to me to hear that we are asked to go into an arbitration that is no arbitration.

MR. PERGUSON: It was perfectly clear, Mr. Johnston, that it was not a question of arbitration at all. We did not discuss the question of arbitration and we did not discuss the terms of a submission. At that point was, are you people willing to have Sir Henry propose the arbitration upon this property?

MR. JOHNSTON: That will be binding on both parties.

MR. PERGUSON: We did not go to that extent. I am speaking our interview now. We did not go to that extent at all.

MR. JOHNSTON: I have told you exactly what took place at the interview, I think. There was never a suggestion to me, I am sure, that the Hydro should be at liberty to accept Mr. Grayson's award or not to accept it. That is not a valuation or an arbitration or anything else. From our point of view that would be heads you win tails we lose.

MR. PERGUSON: No, you would be in the same position.

MR. JOHNSTON: That is not leaving it to Sir Henry, as you say. What is leaving it to the Hydro-Electric Commission as an arbitrator.

MR. PERGUSON: That is where we are of a different opinion. Sir Henry is to be sole arbitrator; I say he was to fix a valuation. It has been my view of it from the beginning.

SIR HENRY DRAITON: I suppose under your suggestion, Mr. Johnston, no one would be bound?

MR. PERGUSON: No, no one would be bound.

SIR HENRY DRAITON: Mr. Johnston's clients would not be bound more than you would.

MR. PERGUSON: Not a bit. The point is this, they having said we think you can fix a fair and independent valuation, once that is fixed it we cannot accept it we are through with the Hydro-Electric people entirely and must seek some other way of solving this problem which would put finality to it. If we each a price that we can agree upon that would be well, but I think it would not be fair to bind either party.

SIR HENRY DRAYTON: No, you cannot bind either.

MR. JOHNSTON: Unless we agree to bind.

SIR HENRY DRAYTON: Unless as a matter of agreement. You might have a good deal of difficulty in working out anything which could bind the Province, Mr. Johnston, might you not ?

MR. JOHNSTON: I should think the Province could enter into an agreement that is binding. They are doing it all the time.

SIR HENRY DRAYTON: They are not financing this in the ordinary way at all. They have no method of financing it in the ordinary way. They can only do it by municipal agreement. The municipalities carry it all and they cannot vote until they know what they have to vote on, so that in that sense it is something like one of these ordinary municipal arbitrations which would not be binding on the municipality.

MR. JOHNSTON: The municipal distribution systems are a very small part of it. The chief assets are the generating stations and the transmission lines and water rights.

MR. FERGUSON: Under our system they are to be paid for by the municipalities. The whole thing is a municipal enterprise. That is the difficulty in the situation and that is what I had in mind all the time and I thought I had made myself clear to you. Perhaps not. We did not get to the extent of discussing what we are discussing here now. What I was particularly interested in was getting the two parties, the Hydro and the Company, together in some way. It struck me that it was a case of your saying your property was worth so much, and the Hydro saying we do not think it is, now let us consult someone else and perhaps we can arrive at a solution.

MR. JOHNSTON: We have never said our property is worth so much. That happened was this: We were expressly requested by Mr. Cochrane to put a minimum price on our property. We regard our property as worth a great deal more than the price that was mentioned, and in my discussion with Mr. Cochrane that was made plain and I am quite sure he will tell you that is so.

MR. FERGUSON: Perhaps I was unhappy in my term.

MR. JOHNSTON: I do not want to be committed to any price. I am extremely sorry that any difficulty of this kind has arisen. I am quite sure if you look at the correspondence between myself and yourself and Mr. Cochrane that you cannot blame me for it because I have made it perfectly clear that we were submitting to the sole award of Sir Henry Drayton and I expressly put it that that had to be binding on both parties.

MR. MCGARRY: What is the date of that letter ? I have no doubt you did in one letter.

MR. JOHNSTON: I will let you see them in order, Mr. Treasurer. The first document is my telegram to Mr. Cochrane on the 7th of December, from Montreal, the evening on which I saw him and which I have read. (Reads). (See Page 4.)

SIR HENRY BRAYTON: No, you cannot bind either.

MR. JOHNSTON: Unless we agree to bind.

SIR HENRY BRAYTON: Unless as a matter of agreement. You have a good deal of difficulty in working out anything which could be the Province, Mr. Johnston, might you not?

MR. JOHNSTON: I should think the Province could enter into an agreement that is binding. They are doing it all the time.

SIR HENRY BRAYTON: They are not financing this in the ordinary way. They have no method of financing it in the ordinary way. Can only do it by municipal agreement. The municipalities carry it and they cannot vote until they know what they have to vote on, so in that sense it is something like one of these ordinary municipal transactions which would not be binding on the municipality.

MR. JOHNSTON: The municipal distribution system was a very part of it. The chief assets are the generating stations and transmission lines and water rights.

MR. BRAYTON: Under our system they are to be paid for by municipalities. The whole thing is a municipal enterprise. That is difficult in the situation and that is what I had in mind all the time and I thought I had made myself clear to you. Perhaps not. I do not get to the extent of discussing what we are discussing here. What I was particularly interested in was getting the two parties, Hydro and the Company, together in some way. It struck me that it was of your saying your property was worth so much, and the Hydro we do not think it is, now let us commit someone else and perhaps an arrive at a solution.

MR. JOHNSTON: We have never sold our property in worth so much. Happened was this: We were expressly requested by Mr. Goehrs to minimum price on our property. We regard our property as worth at least more than the price that was mentioned, and in my discussion Mr. Goehrs that was made plain and I am quite sure he will tell that is so.

MR. BRAYTON: Perhaps I was unhappy in my turn.

MR. JOHNSTON: I do not want to be committed to any price. I am extremely sorry that any difficulty of this kind has arisen. I am sure if you look at the correspondence between myself and yourself, Mr. Goehrs that you cannot blame me for it because I have made it very clear that we were submitting to the sole award of Sir Henry and I expressly put it that that had to be binding on both parties.

MR. McGEAR: That is the date of that letter? I have no you did in one letter.

MR. JOHNSTON: I will let you see them in order, Mr. Brayton. The first document is my telegram to Mr. Goehrs of 7th of December, from Montreal, the evening on which him and which I have read. (See page 4.) (Roads.)

- 6 -

On the same day I may say Mr. Cochrane told me he wanted to know if I was satisfied with his suggestion or whether I had any objection to his telegraphing to Mr. Nickle in Kingston, the Member of Parliament there. I said not the slightest, and Mr. Cochrane telegraphed to Mr. Nickle and subsequently sent me a copy of his telegram.

I am sorry to trouble you about this but I simply want to acquit myself thoroughly of any stupidity.

MR. FERGUSON: No one will ever charge you with that.

MR. JOHNSTON: Here is the telegram. Mr. Cochrane sent me; from himself to W. F. Nickle, M. P., Kingston:

"Strachan Johnston, representing the Electric Power Company, has agreed to accept Sir Henry Drayton as sole arbitrator in the Trent matter, leaving also to Sir Henry the question as to who shall pay the cost of his investigation."

Then, immediately on my return, is my letter to Mr. Ferguson, with a copy of my telegram to Mr. Cochrane.

SIR HENRY DRAYTON: I think you have made your skirts quite clear. There is no doubt about that.

MR. JOHNSTON: I was answering the Treasurer's question.

And again, Mr. Ferguson, I cannot help pointing this out; In my letter to you I mentioned "Our unqualified acceptance of the proposal you made to me to submit to Sir Henry Drayton as sole and final arbitrator the compensation to be paid by the Hydro-Electric Power Commission to us for all our property and assets in Ontario." Then you are good enough to write me a letter on the 10th.

"I am very much obliged to you for your letter of the 9th inst., and for the disposition you have shown to reach a speedy and satisfactory solution of the present difficulty on the Trent.

"My own view is that you and a representative of the Hydro should go before Sir Henry and consult his wishes as to the form and terms of a submission. In fact in discussing the matter with Sir Henry I intimated as much to him. I sincerely hope we are on the highway to a happy issue from this difficult and knotty problem."

Now, there we are. We are willing to sell out or let the Hydro take us, lock, stock and barrel, and we are willing that you, Sir Henry, should fix an amount that shall be final and binding on both of us.

MR. FERGUSON: What disadvantage can you be at, Mr. Johnston, if Sir Henry Drayton fixes a value on your property to which you are not bound in any way?

On the same day I may say Mr. Gresham told me he wanted to know if I was satisfied with his suggestion or whether I had any objection to his telegraphing to Mr. Nickle in Kingston, the Member of Parliament there. I said not the slightest, and Mr. Gresham telegraphed to Mr. Nickle and subsequently sent me a copy of his telegram.

I am sorry to trouble you about this but I simply want to acquaint myself thoroughly of any stipulations.

MR. PERKINSON: No one will ever charge you with that.

MR. JOHNSON: Here is the telegram. Mr. Gresham sent from himself to W. P. Nickle, M. P., Kingston:

"Sir: Mr. Johnson, representing the Electric Power Company, has agreed to accept Sir Henry Dwyer as sole arbitrator in the Trent matter, leaving also to Sir Henry the question as to who shall pay the cost of his investigation."

Then, immediately on my return, is my letter to Mr. Gresham, with a copy of my telegram to Mr. Gresham.

SIR HENRY DWYER: I think you have made your mind quite clear. There is no doubt about that.

MR. JOHNSON: I was answering the Treasurer's question and again, Mr. Perkinson, I cannot help pointing this out: In my letter to you I mentioned "Our unqualified acceptance of the proposal you made to me to admit to Sir Henry Dwyer as sole and final arbitrator the compensation to be paid by the Hydro-Electric Power Commission on for all our property and assets in Ontario." Then you are good enough to write me a letter on the 10th.

"I am very much obliged to you for your letter of the 5th inst., and for the disposition you have shown to reach a speedy and satisfactory solution of the present difficulty on the Trent."

"My own view is that you and a representative of the Hydro should go before Sir Henry and examine his witness as to the form and terms of a submission. In fact in discussing the matter with Sir Henry I intimated as much to him. I sincerely hope we are on the highway to a happy issue from this difficult and thorny problem."

Now, there we are. We are willing to sell out or let the Hydro take us, back, stock and barrel, and we are willing that Sir Henry should fix an amount that shall be final and binding both of us.

MR. PERKINSON: That disadvantage can you be at, Mr. Johnson, if Sir Henry Dwyer fixes a value on your property to which you are not

MR. JOHNSTON: That is another matter; that is getting into into a different pew entirely from the one I have been in. There might be great advantages or there might be disadvantages. I would have to consider that and discuss it with my clients.

MR. MCGARRY: The Ontario Government could hardly undertake to agree to your proposition as contained in your letter. I think we would require legislation to support that and it is such a large matter that I think it is a matter that should be dealt with by the House in some form before we undertake it. And in the third place the Municipal end of it is so large and important that the municipalities should be consulted. I think those three things enter into it.

MR. JOHNSTON: I see embarrassments owing to the municipal end; embarrassments that had not occurred to me before and probably had not occurred to Sir Adam Beck when he some time ago made us an offer.

SIR ADAM BECK: I am quite aware of that difficulty; I think I brought it to the attention of the Company.

MR. JOHNSTON: Quite so. They existed none the less then than they do now.

SIR ADAM BECK: We were not arbitrating.

MR. JOHNSTON: Quite so, Sir Adam, but let us have that perfectly clear. We did reach a point where Sir Adam Beck made an offer; I am not stating the amount, but we did reach that point. Now if there were no obstacles to Sir Adam making that offer, there are not obstacles to the Hydro-Electric Commission entering into an agreement.

MR. MCGARRY: Yes, there may be many obstacles.

SIR ADAM BECK: Perhaps it is fair that I should explain a little more fully. You have stated your end of it but they do not know the other end.

A year or two ago the municipalities, especially Peterboro, appeared before the Minister of Railways and Canals and asked me to accompany them, and asked for the leases covering dams four and eight. This was on appeal from various municipalities applying for power in that district. The Minister heard us and I think you were present, and my recollection is that he thought we ought to get together and if we could not get together he would see about the other matter. He wanted us to make an offer for the whole plant.

MR. JOHNSON: That is another matter; that is getting into a different part entirely from the one I have been in. There might be great advantages or there might be disadvantages. I would have to consider that and discuss it with my clients.

MR. MCGARRY: The Ontario Government could hardly undertake to agree to your proposition as contained in your letter. I think we would require legislation to support that and it is such a large matter that I think it is a matter that should be dealt with by the House in some form before we undertake it. And in the third place the Municipal end of it is as large and important that the municipalities should be consulted. I think those three things enter into it.

MR. JOHNSON: I see embarrassments owing to the municipal end; embarrassments that had not occurred to me before and probably had not occurred to Sir Adam Beck when he some time ago made an offer.

SIR ADAM BECK: I am quite aware of that difficulty; I think I brought it to the attention of the Company.

MR. JOHNSON: Quite so. They existed none the less then than they do now.

SIR ADAM BECK: We were not anticipating.

MR. JOHNSON: Quite so, Sir Adam, but let us have that perfectly clear. We did reach a point where Sir Adam Beck made an offer; I am not stating the amount, but we did reach that point. Now if there were no obstacles to Sir Adam making that offer, there are not obstacles to the Hydro-Electric Commission entering into an agreement.

MR. MCGARRY: Yes, there may be many obstacles.

SIR ADAM BECK: Perhaps it is fair that I should explain a little more fully. You have stated your end of it but they do not know the other end.

A year or two ago the municipalities, especially Peterboro, appeared before the Minister of Railways and Canals and asked me to accompany them, and asked for the leases covering some four and eight. This was an appeal from various municipalities applying for power in that district. The Minister heard us and I think you were present, and my recollection is that he thought we ought to get together and if we could not get together he would see about the other matter. He wanted us to make an offer for the whole plant.

I should go back there, to this; we appeared at Ottawa before him and you strenuously objected to these leases being granted, and Mr. Cochrane suggested that we should make an offer. I brought the matter before the Government and told them that your holdings there were of such a mixed character - including gas company, railway company, water-works and electric distributing companies - that we could not advise the Government as to the value of it or the amount that should be paid for your holdings there, unless we had a fair chance of getting at the value. We were authorized to spend the necessary money and to secure the necessary experts in addition to our own engineers, to value the plant, or ascertain what your assets were and what your rights were and so on.

We spent I think a year and a half, Mr. Gaby did we not? Over a year and about ten or twelve thousand dollars, to secure all the data that we have. The Company offered us every facility as they promised they would, to secure the information we required and also to ascertain the revenue that they had and the expenditure including operation.

Then, I, in a general way, made an offer. I suggested it to Mr. Cochrane. He asked me about it and I told him what the engineers decided might be paid by the municipalities and the Government for this property. We were told that the Company would not consider it. I increased it very materially and that was the maximum that the engineers and our experts said we could pay. In fact they said we could not pay it and give the municipalities a fair deal. That was rejected.

The Hydro Commission then asked the Minister to give us the leases for these dams; that the Company would not accept our offer. The Minister advised me that we try to go higher. Well, I thought we were perfectly safe in going higher because I knew Mr. Johnston's idea of the value and it didn't matter whether I offered one, two or three millions more, he would not accept it.

MR. JOHNSTON: You did not try?

SIR ADAM BECK: Excuse me; I made you an offer of a million more than I said we would make or that I would make to-day. Because I made it knowing that you would refuse it, to be perfectly candid about it. Of course that amount was quite out of the question. The offer was verbal; nothing very definite about it.

Then we again asked for these leases, that is the Commission, in a formal way. We have not been advised whether we can get the leases, other than that it has been said "Well, there is so much difference between you, you say one thing and they say another, and some one else will have to be called in to decide as to whether you are offering a fair amount or they are asking an unreasonable amount".

I should go back there, to this; we appeared at Ottawa before him and you strenuously objected to these leases being granted, and Mr. Cochrane suggested that we should make an offer. I brought the matter before the Government and told them that your holdings there were of such a mixed character - including gas company, railway company, water-works and electric distributing companies - that we could not advise the Government as to the value of it or the amount that should be paid for your holdings there, unless we had a fair chance of getting at the value. We were authorized to spend the necessary money and to secure the necessary experts in addition to our own engineers, to value the plant, or ascertain what your assets were and what your rights were and so on.

We spent I think a year and a half, Mr. Gaby did we not? Over a year and about ten or twelve thousand dollars, to secure all the data that we have. The Company offered us every facility as they promised they would, to secure the information we required and also to ascertain the revenue that they had and the expenditures including operation.

Then, I, in a general way, made an offer. I suggested it to Mr. Cochrane. He asked me about it and I told him what the engineers decided might be paid by the municipalities and the Government for this property. We were told that the Company would not consider it. I increased it very materially and that was the maximum that the engineers and our experts said we could pay. In fact they said we could not pay it and give the municipalities a fair deal. That was rejected.

The Hydro Commission then asked the Minister to give us the leases for these dams; that the Company would not accept our offer. The Minister advised me that we try to go higher. Well, I thought we were perfectly safe in going higher because I knew Mr. Johnston's idea of the value and it didn't matter whether I offered one, two or three millions more, he would not accept it.

MR. JOHNSTON: You did not try?

SIR ADAM BECK: Excuse me; I made you an offer of a million more than I said we would make or that I would make to-day. Because I made it knowing that you would refuse it, to be perfectly candid about it. Of course that amount was quite out of the question. The offer was verbal; nothing very definite about it.

Then we again asked for these leases, that is the Commission, in a formal way. We have not been advised whether we can get the leases, other than that it has been said "Well, there is so much difference between you, you say one thing and they say another, and some one else will have to be called in to decide as to whether you are offering a fair amount or they are asking an unreasonable amount."

Then the next thing I heard was that Sir Henry Drayton was to be asked to act as valuator of the plants of your company; that if this was offered you, and it must come from the Government I think, and you refused, that these leases would be issued.

Now that is as far as I know about the whole thing. I did not know anything about the valuation being binding or not binding or what arrangements were made. I have said this more to have Mr. Ferguson and Mr. McGarry know the Hydro Commission's position and the negotiations that led up to the point where the Minister thought that it would be a fair way to ascertain what the Province could or should pay and what the Company should accept. And then he was going to deal with these leases as he saw fit, I believe. I know nothing else about it.

MR. FERGUSON: I think I fairly state the position of the Government when I say that we are not only exceedingly anxious to determine in some way to give the eastern portion of the Province the advantage of the Hydro power and distribution. The Government have not any desire or wish to appear even to confiscate anybody's vested rights or interest. The Hydro Commission and the Company having failed to agree upon a price, we thought it was only a fair proposition that somebody a third person in whom they both had confidence should fix a price. As I said a few moments ago, if both interests were to take the one field and attempt operation I am inclined to think and I fancy all will agree with me, that perhaps it would be disastrous to both and that was not desirable in any event. This was suggested as a method out of the difficulty. The Company's interest would be safeguarded and the Government would be in a position to operate the Hydro over the district indicated. It was with that in view that I was led to approach Mr. Johnston and suggest to him that you, Sir Henry, should be allowed to intervene and fix a value upon the property. That having been fixed, if they say it is unfair, we have confidence enough in your judgment to say, very well, we will go on and operate ourselves and we will look out for our own interest; the Company cannot charge us then with having attempted in any way to confiscate or injure their rights; and on the other hand we would be very glad if it were accepted by them, so that we would clean up the situation and the Company would be at no loss their property would not be jeopardized in any way and we would have a better opportunity of serving the field. That in a word is, I think, the position the Government takes in the matter and the view we have.

SIR HENRY DRAYTON: I do not suppose that the matter can be advanced to-day. Mr. Johnston points out that he will have to discuss it with his clients.

58

Then the next thing I heard was that Sir Henry Drayton was to be asked to act as valuator of the plants of your company; that if this was offered you, and if must come from the Government I think, and you refused, that these leases would be issued.

Now that is as far as I know about the whole thing. I did not know anything about the valuation being binding or not binding or what arrangements were made. I have said this more to have Mr. Ferguson and Mr. McGarry know the Hydro Commission's position and the negotiations that led up to the point where the Minister thought that it would be a fair way to ascertain what the Province could or should pay and what the Company should accept. And then he was going to deal with these leases as he saw fit, I believe. I know nothing else about it.

MR. FERGUSON: I think I fairly state the position of the Government when I say that we are not only exceedingly anxious to determine in some way to give the eastern portion of the Province the advantage of the Hydro power and distribution. The Government have not any desirer wish to appear even to contemplate anybody's vested rights or interest. The Hydro Commission and the Company having failed to agree upon a price, we thought it was only a fair proposition that somebody a third person in whom they both had confidence should fix a price. As I said a few moments ago, if both interests were to take the one field and attempt operation I am inclined to think and I fancy all will agree with me, that perhaps it would be disastrous to both and that was not desirable in any event. This was suggested as a method out of the difficulty. The Company's interest would be safeguarded and the Government would be in a position to operate the Hydro over the district indicated. It was with that in view that I was led to approach Mr. Johnston and suggest to him that you, Sir Henry, should be allowed to intervene and fix a value upon the property. That having been fixed, if they say it is unfair, we have confidence enough in your judgment to say, very well, we will go on and operate ourselves and we will look out for our own interest; the Company cannot charge us then with having attempted in any way to confiscate or injure their rights; and on the other hand we would be very glad if it were accepted by them, so that we would clear up the situation and the Company would be at no loss their property would not be jeopardized in any way and we would have a better opportunity of serving the field. That in a word is, I think, the position the Government takes in the matter and the view we have.

SIR HENRY DRAYTON: I do not suppose that the matter can be advanced to-day. Mr. Johnston points out that he will have to discuss it with his clients.

MR. JOHNSTON: It is to entirely different from my understand.

SIR HENRY DRAYTON: It is quite different from your letters evidencing your understanding. So the only thing we can do is to go hence at present and we will hear from Mr. Johnston I hope in the near future.

SIR ADAM BECK: There is this to be considered. I understand the Minister wants an independent opinion; some one's say so as to the value of these properties. We will submit the information we have. I presume the Company if they are interest will do likewise and the will have power to secure any additional information he wants and he will then be able to tell the Minister and the Government of this Province here is what I think you should pay for these properties. If the Company refuses then I presume they will have no reason to object again to the Commission developing power on its own account for the municipalities that are asking the same supply in the same way as municipalities in other parts of the Province are being supplied. I think that is the situation, and if the Company does not want to come in and be a party to it, it is a question then for the valuator to say whether or not he cares to act or could act and give reliable information. It is either an arbitration or it is a valuation. A n arbitration I suppose would be in the usual way, as Mr. Johnston says, that we would all agree to take whatever is decided upon. But, as Mr. McGarry has pointed out, and I think we are all agreed on that and Mr. Johnston will see it, that we cannot submit to an arbitration in the usual way and abide by it, both being bound to abide by it, so that there is only one way to proceed and that is by means of a valuation upon which the Government will say we will make such and such an offer - not bound by that value exactly but it will be an additional source of information, enabling them to say whether or not they will make a certain offer for the property and if that is not accepted then they must undertake the development on their own account to meet the demands in that district which we are quite unable to meet at the present time.

SIR HENRY DRAYTON: How Long, Mr. Johnston, will it take you to get in communication with your clients and come to a conclusion as to what you would like to do? A week?

MR. JOHNSTON: Oh much less than that, Sir Henry. I can say now that my clients would not enter into any such agreement as that. We are willing to leave the whole thing to you and be bound by your decision. That is what we understood we were doing. Anything else is not a final arbitration and is not a final valuation. It simply shifts the finality from your decision to the decision of somebody else, I think the whole proceeding would be idle. Everybody agrees that we should do that if Sir Henry feels it desirable.

MR. JOHNSTON: We are not at issue apparently and I will be very glad to spend as much time as you like talking it over with you again.

MR. MCCLELLAN: You are the danger, Mr. Johnston. Supposing the valuation were at such a price - and perhaps rightly so from your standpoint - that the dam back and the Commission could not recommend it to the municipalities, could not go to them and say it has an earning capacity sufficient to recommend it to you, and the municipalities turned it down, what position would the Government be in? That is the reason why we cannot before hand agree to accept and build the Province.

SIR HENRY BRAYTON: It is obvious that apart from agreement I cannot go on with an objection. As to the question of valuation that is a matter for further consideration.

MR. JOHNSTON: There is an enormous sum of money involved in this matter; a very large sum of money; and so far as we are concerned we are prepared now to deal and be done with it. We do that, not because we want to, we are not in the position of an employer or a willing seller; that is being pressed upon us. I think that is common ground, that we have been requested to take this into our consideration and to meet you if we can.

MR. BRAYTON: Yes.

SIR ALAN BUCK: Whether you are willing or not, the first approach of this kind came from Mr. Macdonald himself, when he approached me at Ottawa.

MR. BRAYTON: Mr. Johnston is speaking of the recent action by asking him to come and see me. He is quite correct about that.

SIR ALAN BUCK: Yes, that is right.

MR. JOHNSTON: I just want to say one word in following up something Sir Alan said. It is perfectly true that the Hydro has asked for losses of certain dams on the river.

MR. BRAYTON: Do not let us get into that local argument.

MR. JOHNSTON: I am not going to get into that, but I must say this, that we regard our rights there as inviolable and that is one reason, Sir Henry, why I wanted a lawyer to consider this matter. A mere valuation is something which will all depend on you, Sir Henry. I do not suppose you are qualified to make, not having expert knowledge in these things, without assistance, but that is why I did want to be left perfectly open so that you could consult such engineers and experts as you wish.

MR. BRAYTON: Everybody agrees that we should do this. Sir Henry feels it desirable.

MR. JOHNSTON: We are not at issue apparently and I will be very glad to spend as much time as you like talking it over with you again.

SIR HENRY DRAYTON: I think that is the only thing you can do; talk it over with each other again. Certainly I cannot do anything this morning, Mr. Ferguson.

MR. FERGUSON: No, it appears not.

MR. MCGARRY: You and Ferguson need an interpreter with you when you are discussing.

SIR HENRY DRAYTON: I think if I go out and leave you together that will be the best way to get on.

SIR HENRY DRAYTON: I think that is the only thing you can do; talk it over with each other again. Certainly I cannot do anything this morning, Mr. Ferguson.

MR. FERGUSON: No, it appears not.

MR. MCGARRITY: You and Ferguson need an interpreter with you when you are discussing.

SIR HENRY DRAYTON: I think if I go out and leave you together that will be the best way to get on.

TO HIS HONOUR

THE LIEUTENANT-GOVERNOR-IN-COUNCIL

At a meeting of the Hydro-Electric Power Commission of Ontario held on the 3rd March, 1916, it was unanimously agreed that it is in the public interests that the H.E.P.C. should acquire by purchase or expropriation with a view of the development and transmission of electrical power and energy to the municipalities and applicants in Eastern Ontario, certain ~~xxxxxx~~ properties and parcels of land in the vicinity of Dams Nos. 8, 9, and 10 on the Ontario-Rice Lake division of the Trent Canal now reputed to be held in the name of the Eastern Power Co. Ltd., such lands being more particularly described in the attached descriptions.

HYDRO-ELECTRIC POWER COMM. OF ONT.

A. Beck,

CHAIRMAN

TO HIS HONOUR

THE HONOURABLE GOVERNOR-IN-COUNCIL

At a meeting of the Hydro-Electric Power Commission of Ontario held on the 27th March, 1910, it was unanimously agreed that it is in the public interests that the H.E.P.C. should acquire by purchase or expropriation with a view of the development and transmission of electrical power and energy to the municipalities and applicants in Eastern Ontario, certain properties and parcels of land in the vicinity of Lake Ros. 8, 9, and 10 on the Ontario-Erie Lake division of the Trent Canal now reported to be held in the name of the Eastern Power Co. Ltd., such lands being more particularly described in the attached descriptions.

HYDRO-ELECTRIC POWER COM. OF ONT.

A. Beck,

CHAIRMAN

COPY

HYDRO ELECTRIC POWER COMMISSION
OF ONTARIO

OFFICE OF THE CHAIRMAN

Continental Life Buildings,
Toronto, March 4th, 1916.

Honourable G. Howard Ferguson,
Minister of Lands, Forests & Mines,
Parliament Buildings,
TORONTO.

Dear Sir,

Referring to the Electric Power Company's interests in the Trent District, I would recommend that the Government offer the Electric Power Company, including all interests controlled by it, for all their physical assets, (excluding the accounts receivable and payable) franchises, rights interests, contracts, works, etc., as they existed on March 1st, 1916, and as added to since that date, the sum of \$8,350,000.00 in 4% Government Bonds interest payable half yearly. Bonds redeemable in fifty years, such Bonds shall provide for the deferring of the Sinking Fund for the first ten years.

Yours truly,

"A. Beck"

Chairman.

COPY

HYDRO ELECTRIC POWER COMMISSION
OF ONTARIO

OFFICE OF THE CHAIRMAN

Continental Life Building,
Toronto, March 4th, 1916.Honorable G. Howard Ferguson,
Minister of Lands, Forests & Mines,
Parliament Buildings,
TORONTO.

Dear Sir,

Referring to the Electric Power Company's interests in the Trent District, I would recommend that the Government offer the Electric Power Company, including all interests controlled by it, for all their physical assets, (including the accounts receivable and payable) franchises, rights interests, contracts, works, etc., as they existed on March 1st, 1916, and as added to since that date, the sum of \$8,350,000.00 in 4% Government Bonds interest payable half yearly. Bonds redeemable in fifty years, such bonds shall provide for the sinking of the Sinking Fund for the first ten years.

Yours truly,

"A. Beck"

Chairman.

CENTRAL ONTARIO SYSTEM

COPY OF ORDER-IN-COUNCIL, approved by His Honour the Lieutenant-Governor, dated the 5th day of May, A.D. 1916.

Upon the recommendation of the Honourable the Minister of Lands, Forests and Mines the Committee of Council advise that under the authority of and pursuant to the Central Ontario Power Act., Chapter 18, 6 Geo.V., until further or other order, amending or varying this Order, the control, administration and management of all undertakings, properties, rights, contracts, privileges, franchises, and businesses vested in the Crown under and by virtue of the said Act be granted to and vested in the Hydro-Electric Power Commission of Ontario.

The Committee further advise that the said businesses may be continued and carried on by the said Commission in their own name, or in the name of His Majesty, or in the name of any or all of the Companies whose businesses have been acquired by the Crown under the provisions of the said Act.

And the Committee further advise that the Hydro-Electric Power Commission of Ontario, for the purposes of the management, control, and administration of any and all of the said businesses, be granted all the rights, powers, and privileges of control, administration, and management thereof, which the Company, whose undertakings, property, rights, contracts, licenses, privileges, franchises, and businesses is or are vested in the Crown, had at the time of such vesting.

And the Committee further advise that in the conduct of the administration and management of the property by this Order committed to their management, the Commission do carry on the same as a separate department or branch of the business of the said Commission.

And the Committee further advise that the Comptroller of the Commission, and the auditor or auditors appointed under the provisions of Chapter 18, 6 Geo.V. shall in respect of the account and cheques of the Commission kept or issued in reference to the property by this Order dealt with, have and perform the same duties and obligations as are imposed upon them or either of them under the said Act in reference to the other accounts and cheques of the said Commission.

Certified

(sgd) C. G. Bulmer
Clerk, Executive Council.

64
GENERAL ONTARIO SYSTEM

GOVT OF ONTARIO-12/-GOUNCIL, approved by His Honour the
Lieutenant-Governor, dated the 22nd day of May, A.D. 1916.

Upon the recommendation of the Honourable the
Minister of Lands, Forests and Mines the Committee of
Council advise that under the authority of and pursuant
to the General Ontario Power Act, Chapter 18, & Sec. V.,
until further or other order, amending or varying this
Order, the control, administration and management of all
undertakings, properties, rights, contracts, privileges,
franchises, and businesses vested in the Crown under
and by virtue of the said Act be granted to and vested
in the Hydro-Electric Power Commission of Ontario.

The Committee further advise that the said
businesses may be continued and carried on by the said
Commission in their own name, or in the name of His
Majesty, or in the name of any or all of the Companies
whose businesses have been acquired by the Crown under
the provisions of the said Act.

And the Committee further advise that the Hydro-
Electric Power Commission of Ontario, for the purposes
of the management, control, and administration of any
and all of the said businesses, be granted all the
rights, powers, and privileges of control, administra-
tion, and management thereof, which the Company, whose
undertakings, property, rights, contracts, licenses,
privileges, franchises, and businesses in or are vested
in the Crown, had at the time of such vesting.

And the Committee further advise that in the conduct
of the administration and management of the property by
this Order committed to their management, the Commis-
sion do carry on the same as a separate department or
branch of the business of the said Commission.

And the Committee further advise that the Comptroller
of the Commission, and the auditor or auditors appointed
under the provisions of Chapter 18, & Sec. V. shall in
respect of the account and charges of the Commission
kept or issued in reference to the property by this
Order dealt with, have and perform the same duties and
obligations as are imposed upon them or either of them
under the said Act in reference to the other accounts
and charges of the said Commission.

Certified

(Sgd) G. C. Palmer
Clerk, Executive Council.

MILLER, FERGUSON & HUNTER

Oct. 7, 1926.

Hon. G.H. Ferguson,

Minister of Lands, Forests & Mines,

Parliament Buildings,

TORONTO.

Dear Sirs,

Re Trent Valley Powers - Re Titles

We received our descriptions of the lands of the several Power Companies largely from the Vendor Companies and partially from a list furnished by the Hydro Commission. You can quite understand that a description of lands for the purpose of searching a title would not of itself indicate to us what, if any, buildings were erected on the lands.

Recently it has come to my notice that there is a very complicated situation as to the titles and franchises of the Companies at Trenton. There are several dams and several power houses. I have had Mr. Carrick going into this question, and from such papers as we have been able to locate, it would appear that we have never received from either the Company or the Commission a description of the lands on which are erected the power houses of the Sidney Power Company at Trenton, and it now would appear that these power houses are erected on lands to which we have no registered title. Carrick is going over this with Mr. Johnston, representing the Vendor Company, and with Mr. Fowler, who was a solicitor and Secretary of the Company, so as to find out and report to the Commission as nearly as may be, the condition of the title of the power development at Trenton, also the several franchises under which the same are operated.

MILLER, FERGUSON & HUNTER

Oct. 7, 1912.

Hon. G.H. Ferguson.

Minister of Lands, Forests & Mines.

Parliament Buildings.

TORONTO.

Dear Sirs.

Re Trans Valley Power - Re Titles

We received our descriptions of the lands of the several Power Companies largely from the Vendor Companies and partially from a list furnished by the Hydro Commission. You can quite understand that a description of lands for the purpose of searching a title would not of itself indicate to us what, if any, buildings were erected on the lands.

Recently it has come to my notice that there is a very complicated situation as to the titles and transmisses of the Companies at Trenton. There are several dams and several power houses. I have had Mr. Garlick going into this question, and from such papers as we have been able to locate, it would appear that we have never received from either the Company or the Commission a description of the lands on which are erected the power houses of the Midway Power Company at Trenton, and it now would appear that these power houses are erected on lands to which we have no registered title. Garlick is going over this with Mr. Johnston, representing the Vendor Company, and with Mr. Fowler, who was a solicitor and Secretary of the Company, so as to find out and report to the Commission as nearly as may be.

2--

but it seems to me that we ought to have a survey or surveys or something to indicate where the power houses and principal buildings are situated, and on what property they are. If we had had a survey of the power house and dams at Trenton, showing their locations, we would have found out when we went to search this property, that the Companies had no registered title. I would like you to consider this question, and if you deem it advisable, discuss it with the management of the Commission, and give them instructions to have the surveys made. It seems to me these are things that should be on the Companies files, and among their title papers, and we can only take responsibility for such titles as we are asked to search, or of such properties of which we are given a description with a request to search, and I am anxious that nothing should happen in the future, which should indicate that any searches which should have been made, have not been made.

RE EASEMENTS

These companies have easements or licenses for their power lines, and like nature. They are mostly in the form of a permission to erect and maintain poles and wires. Most of these easement agreements are not registered, but of course we are protected without registration, by reason of the pole lines being visible easements.

When I was away, Mr. Pope and the office had several discussions in reference to these easements, and the office has prepared and handed to the Commission a memorandum covering sixty-four pages, giving a list of these easements, and the terms of the different agreements. Pope thought the title to the

but it seems to me that we ought to have a survey or surveys or something to indicate where the power houses and principal buildings are situated, and on what property they are. If we had had a survey of the power house and dams at Trenton, showing their locations, we would have found out when we went to search this property, that the Companies had no registered titles. I would like you to consider this question, and if you deem it advisable, discuss it with the management of the Commission, and give them instructions to have the surveys made. It seems to me these are things that should be on the Companies' files, and among their title papers, and we can only take responsibility for such titles as we are asked to search, or of such properties of which we are given a description with a request to search, and I am anxious that nothing should happen in the future, which should indicate that any searches which should have been made, had not been made.

MR. EASEMENT

These companies have easements or licenses for their power lines, and like nature. They are mostly in the form of a permission to erect and maintain poles and wires. Most of these easement agreements are not registered, but of course we are protected without registration, by reason of the pole lines being visible easements.

When I was away, Mr. Pope and the office had several discussions in reference to these easements, and the office has prepared and handed to the Commission a memorandum covering sixty-four pages, giving a list of these easements, and the terms of the different agreements. Pope thought the title to the

3--

lands over which these easements are granted, should be searched, and Mr. Thompson has been on this work for several week now. In going into it this morning, with Mr. Thompson and Mr. Carriak, I find there are over 500 of these easement agreements, and at the present rate of going, it would take one man continually employed in the Registry Office, for the greater part of a year, to search the title of the land over which these easements are granted. Of course, it would be money in my pocket to search all these titles, and make reports on them, but from a business point of view, I am not at all satisfied that it is the proper thing for the Government or Commission to spend the money necessary to search the title to the properties over which these easements are granted. In many cases the easements are of little value, and it would possibly cost as much to search the title to some of the easements as the easement was worth.

This is another question which I think you had better consider and discuss, and in reference to which I would like to have your definite instructions. So that in connection with this title searching. I now have before you three questions or three situations on which I would like to have definite instructions, that is, the two situations mentioned in this letter, and the situation in reference to the Government leases of the water powers, and which was discussed in my letter to you of a few days ago.

Yours very truly,

W.H. Ferguson.

lands over which these easements are granted, should be searched, and Mr. Thompson has been on this work for several weeks now. In going into it this morning, with Mr. Thompson and Mr. Garlick, I find there are over 800 of these easement agreements, and at the present rate of going, it would take one man continually employed in the Registry Office, for the greater part of a year, to search the title of the land over which these easements are granted. Of course, it would be money in my pocket to search all these titles, and make reports on them, but from a business point of view, I am not at all satisfied that it is the proper thing for the Government or Commission to spend the money necessary to search the title to the properties over which these easements are granted. In many cases the easements are of little value, and it would possibly cost as much to search the title to some of the easements as the easement was worth.

This is another question which I think you had better consider and discuss, and in reference to which I would like to have your definite instructions. So that in connection with this little searching, I now have before you three questions or three situations on which I would like to have definite instructions, that is, the two situations mentioned in this letter, and the situation in reference to the Government leases of the water powers, and which was discussed in my letter to you of a few days ago.

Yours very truly,

W.M. Thompson.

24

68

COPY

"MILLER, FERGUSON & HUNTER"

September 26, 1916

The Hon. The Minister of Lands, Forests & Mines,
Parliament Buildings,
TORONTO.

Dear Sir:- re Trent Valley Power
 re Titles

I have had most if not all the titles searched and abstracted and Mr. Carrick of this office, whom I have put in charge of the work, is now preparing the reports on title.

Re Easements There are about 400 easements, and the Hydro Electric Commission thought we ought also to report on each of these easements, and the titles to these easements are now being searched.

Re Power Development You will recollect that during the negotiations for purchase it appeared that the Dominion Government had, in connection with the construction of the Trent Canal, expropriated considerable land belonging to the different companies, and the contention put forward by the companies was that the remuneration or consideration for the properties taken by the Government was to be the granting of the leases by the Dominion Government to the respective companies of the surplus power developed by the Dominion Government in the construction of the Canal, and that in some cases leases had been granted and in other cases no leases had been granted, but the records

"MILNER, TROUBADOUR & HUNTER"

September 26, 1916

The Hon. The Minister of Lands, Forests & Mines,

Parliament Buildings,

TORONTO.

Dear Sir:-
re Titles
re Trent Valley Power

I have had most if not all the titles examined

and abstracted and Mr. Garlick of this office, whom I have

put in charge of the work, is now preparing the reports

on title.

Re Assessments There are about 400 assessments, and the Hydro

Electric Commission thought we ought also to report on each

of these assessments, and the title to these assessments are

now being examined.

Re Power Development You will recollect that during the

negotiations for purchase it appeared that the Dominion Govern-

ment had, in connection with the construction of the Trent

Canal, expropriated considerable land belonging to the different

companies, and the contention put forward by the companies was

that the remuneration or consideration for the properties taken

by the Government was to be the granting of the leases by the

Dominion Government to the respective companies of the surplus

power developed by the Dominion Government in the construction

of the Canal, and that in some cases leases had been granted

and in other cases no leases had been granted, but the records

September 26, 1916.

of the Department of Railways and Canals seem to show that an understanding such as was claimed by the respective companies had been arrived at between the companies represented and the then Minister of Railways and Canals, and that the Crown, as represented by the Dominion, was in honor bound to grant these leases. The Crown, as represented by the Province, then put forward a claim that the Dominion Government had not the right to grant a lease of the powers developed from the use of the waters of the Province. My recollection is that there was or is some lawsuit pending between the Province and the Dominion to establish exactly their respective rights in regard to the water powers developed in the construction of canals.

Recently I had Mr. Garrick prepare for me a short memorandum showing the different power developments and the titles of the respective companies thereto, and I enclose for your perusal and consideration a copy of that memorandum which shows that in a great many cases the company had not received from the Dominion Government the promised lease of the waters that they used to develop power. It also shows that the Dominion Government have not paid anything to the companies for the properties they expropriated. In the act of purchase the outstanding credits of the respective companies remain vested in and were to be collected for the benefits of the respective companies, and it might be contended on the reading of the Act

September 26, 1916.

-2-

The Hon. The Minister of
Lands, Forests & Mines

of the Department of Railways and Canals seem to show that
an understanding such as was claimed by the respective
companies had been arrived at between the companies represented
and the then Minister of Railways and Canals, and that the
Crown, as represented by the Dominion, was in honor bound to
grant these leases. The Crown, as represented by the Province,
then put forward a claim that the Dominion Government had not
the right to grant a lease of the powers developed from the
use of the waters of the Province. My recollection is that
there was or is some lawsuit pending between the Province and
the Dominion to establish exactly their respective rights in
regard to the water powers developed in the construction of canals.
Recently I had Mr. Garlick prepare for me a short
memorandum showing the different power developments and the
titles of the respective companies thereto, and I enclose for
your perusal and consideration a copy of that memorandum which
shows that in a great many cases the company had not received
from the Dominion Government the promised lease of the waters
that they used to develop power. It also shows that the
Dominion Government have not paid anything to the companies for
the properties they expropriated. In the act of purchase the
outstanding credits of the respective companies remain vested
in and were to be collected for the benefit of the respective
companies, and it might be contended on the reading of the act

The Hon. the Minister of
Lands, Forests & Mines

-3-

September 26, 1916.

that the bondholders were entitled to collect any claim there was for damages. If, however, the alleged agreement between the Crown, as represented by the Dominion Government, and the companies is valid and was to be carried out, then the Dominion Government should grant leases of their respective powers. True, the Province contends that these waters from which the powers are developed belong to the Province, but my opinion is that we should now settle definitely and forever, by agreement or legislation, the title of the Province to all the waters powers on the Trent Canal, and unless we get a blanket Act of Parliament, it would be a work for engineers and persons familiar with the different powers to survey and prepare a description for the respective or several leases that would be required to be obtained by the Province from the Dominion of the powers now operated.

I would suggest to you that you take this matter up with Sir Adam Beck and Mr. Gaby and consider just what ought to be done and how it ought to be done in order to clear up and definitely fix the title and status of the Province in respect of these water powers.

Yours very truly,

W. H. FERGUSON.

The Hon. the Minister of
Lands, Forests & Mines

-3-

September 25, 1916.

that the bondholders were entitled to collect any claim there
was for damages. It, however, the alleged agreement between
the Crown, as represented by the Dominion Government, and the
companies is valid and was to be carried out, then the Dominion
Government should grant leases of their respective powers.
True, the Province contends that these waters from which the
powers are developed belong to the Province, but my opinion is
that we should now settle definitely and forever, by agreement
or legislation, the title of the Province to all the waters
powers on the Trent Canal, and unless we get a blanket lot of
Parliament, it would be a work for engineers and persons familiar
with the different powers to survey and prepare a description for
the respective or several leases that would be required to be
obtained by the Province from the Dominion of the powers now
operated.

I would suggest to you that you take this matter up
with Sir Adam Beck and Mr. Gaby and consider just what ought to
be done and how it ought to be done in order to clear up and
definitely fix the title and status of the Province in respect
of these water powers.

Yours very truly,

W. E. FERGUSON.

No. 49

VOTES AND PROCEEDINGS
OF THE LEGISLATIVE ASSEMBLY OF THE PROVINCE
OF ONTARIO

Toronto, Friday April 8, 1921

Questions asked by Mr. Dewart, answers by Mr. Carmichael.

- 1 - What settlement has been arrived at, as between either the Government or the H.E.P.C. with the different parties who claim to have rights regarding the purchase of properties in the Township of Bruton in the Provisional County of Haliburton and other properties referred to in an agreement between H.E.P.C. and A. J. McComber, bearing date 18th February, 1920?

A.- Settlement was made with Mr. A. J. McComber and representatives, they being paid the sum of \$10,000 in full settlement, including interest on moneys deposited to the credit of the Commission and all the law charges and expenses and the discharge of a registered option which they held.

- 2 - Has there been any change in the proprietorship of the properties (a) in the Township of Bruton; (b) in the sawmill, river improvements and other lands and premises said to have been purchased by the H.E.P.C. from the Rathbun Company in 1918; (c) The logging camps buildings and equipments in the Township of Bruton said to be owned by the H.E.P.C.; (d) in the pulp mill in the village of Campbellford said to be owned by the said Power Commission with the lands appertaining thereto?

A. - NO.

QUESTIONS AND ANSWERS
OF THE LEGISLATIVE ASSEMBLY OF THE PROVINCE
OF ONTARIO

Toronto, Friday April 6, 1931

Questions asked by Mr. Bennett, answers by Mr. Carmichael.

1 - What settlement has been arrived at, as between either the Government or the H.E.P.O. with the different parties who claim to have rights regarding the purchase of properties in the Township of Eton in the Provisional County of Haliburton and other properties referred to in an agreement between H.E.P.O. and A. J. McComber, bearing date 1st February, 1930?

A - Settlement was made with Mr. A. J. McComber and representatives, they being paid the sum of \$10,000 in full settlement, including interest on moneys deposited to the credit of the Commission and all the law charges and expenses and the discharge of a registered option which they held.

2 - Has there been any change in the proprietorship of the properties (a) in the Township of Eton; (b) in the Nottwil, river improvements and other lands and premises said to have been purchased by the H.E.P.O. from the Rathbun Company in 1918; (c) The logging camp buildings and equipment in the Township of Eton said to be owned by the H.E.P.O.; (d) in the pulp mill in the village of Campbellford said to be owned by the said Power Commission with the lands appertaining thereto?

A. - No.

No.63
VOTES AND PROCEEDINGS

Of the Legislative Assembly of the Province of Ontario

Toronto, Friday, April 29, 1921

MR. CURRY ASKED THE FOLLOWING QUESTIONS:

1 - What were the different works and services that were acquired by the Government of Ontario on the purchase of what is known as the Central Ontario Power System?

A.- The Central Ontario System is divided into two sections. One is known as the Central Ontario Section, which controls and generates power at several points on the Trent River, transmits such power over lines which it owns and distributes it to local public utility plants--also owned by the System--in a number of municipalities including Belleville, Brighton, Cobourg, Deseronto, Lindsay, Hapanee, Oshawa, Port Hope, Peterboro, Trenton and Tweed; it also sells power to a number of other municipalities and customers. The System owns gas works at Cobourg, Oshawa, Hapanee and Peterboro; water works at Cobourg and Trenton (since sold), and the Peterboro Street Railway. In addition it operates a pulp mill at Campbellford and owns the Bruton Township timber limits purchased by the Province to provide a supply of wood for the pulp mill. The Northern Ontario section has a power development at Nipissing near North Bay, and supplies power to local public utility undertakings owned by the System in North Bay, Powassan, Nipissing and Callandar.

2 - What was the date of the Transaction?

A.- 10th March, 1916.

3 - What was the purchase price?

A.- \$6,350,000.

4 - How was it paid or payable?

A. -In debentures of the Province.

Of the Legislative Assembly of the Province of Ontario

Toronto, Friday, April 29, 1921

MR. GURRY ASKED THE FOLLOWING QUESTIONS:

1 - What were the different works and services that were required by the Government of Ontario on the purchase of what is known as the Central Ontario Power System?

A. - The Central Ontario System is divided into two sections. One is known as the Central Ontario Section, which controls and generates power at several points on the Trent River, transmits such power over lines which it owns and distributes it to local public utility plants--also owned by the System--in a number of municipalities including Belleville, Brighton, Cobourg, Deseronto, Lindsay, Napanee, Oshawa, Port Hope, Peterboro, Trenton and Tweed; it also sells power to a number of other municipalities and industries. The System owns gas works at Cobourg, Oshawa, Napanee and Peterboro; water works at Cobourg and Trenton (since sold), and the Peterboro Street Railway. In addition it operates a pulp mill at Campbellford and owns the Bruce Township timber limits purchased by the Province to provide a supply of wood for the pulp mill. The Northern Ontario section has a power development at Kipissing near North Bay, and supplies power to local public utility undertakings owned by the System in North Bay, Temiskaming, Kipissing and Callander.

2 - What was the date of the transaction?

A. - 10th March, 1914.

3 - What was the purchase price?

A. - \$8,350,000.

4 - How was it paid or payable?

A. - In debentures of the Province.

-2-

VOTES AND PROCEEDINGS

5 - What interest did the debentures issued as part of the purchase price carry and when do they mature?

A- Four per cent. per annum, maturing first March, 1926.

6 - On whose recommendation was the purchase made? What Minister signed the agreement on behalf of the Government?

A. The recommendation to Council was made by the then Minister of Lands, Forests and Mines--Hon. G. H. Ferguson--who ~~also~~ also signed the agreement on behalf of the Government.

7 - Was the opinion of the Hydro-Electric Power Commission asked and did the Hydro-Electric Power Commission approve of the purchase. Did the Commission disapprove of any of the terms of the purchase, if so, of what terms. Is there any documentary evidence of approval or disapproval by the Hydro-Electric Power Commission?

A.- The Commission recommended the purchase at \$8,350,000, to be paid in Government 4% 40-year bonds, sinking fund deferred for the first 10 years. So far as the Government is aware there is no documentary evidence as to the attitude of the Commission.

8 - How much money has been advanced by the Province to the Hydro-Electric Power Commission since the purchase for improving the System?

A.-Up to March, 1920, \$1,683,398. This information is contained in a report of F. C. Clarkson of March, 1920. If there have been further advances they have been through the Hydro-Electric Power Commission and the Government has no statement as to the same.

9 - What is the total present investment of the Province?

A.-Up to March, 1920, \$10,258,398, including \$225,000 to purchase the timber limit which was required for the supply of wood for the pulp mill.

VOTES AND PROCEEDINGS

-2-

1- Year per cent. per annum, maturing first March, 1926.

2 - What interest did the debentures issued as part of the purchase price carry and when do they mature?

3 - On whose recommendation was the purchase made? What Minister signed the agreement on behalf of the Government?

A. The recommendation to Connell was made by the then Minister of Lands, Forests and Mines--Hon. G. H. Ferguson--who also signed the agreement on behalf of the Government.

4 - Was the opinion of the Hydro-Electric Power Commission asked and did the Hydro-Electric Power Commission approve of the purchase. Did the Commission disapprove of any of the terms of the purchase, if so, of what terms. Is there any documentary evidence of approval or disapproval by the Hydro-Electric Power Commission?

A. - The Commission recommended the purchase at \$8,350,000, to be paid in Government 4 1/2 per cent. bonds, sinking fund deferred for the first 10 years. So far as the Government is aware there is no documentary evidence as to the attitude of the Commission.

5 - How much money has been advanced by the Province to the Hydro-Electric Power Commission since the purchase for improving the system?

A. - Up to March, 1920, \$1,682,398. This information is contained in a report of P. G. Clarkson of March, 1920. It there have been further advances they have been through the Hydro-Electric Power Commission and the Government has no statement as to the same.

6 - What is the total present investment of the Province?

A. - Up to March, 1920, \$10,258,898, including \$225,000 to purchase the timber limit which was required for the supply of wood for the pulp mill.

VOTES AND PROCEEDINGS

10 - What amount was included in the purchase price for water rights, franchises and other assets of an intangible and non-income returning nature?

A.- \$2,677,342.

11 - What is the actual value of these water rights, assets and other intangible assets?

A - The Power Commission states that it cannot fix the valuation at the present time.

12 - What has been the financial results of the operation of the System year by year since the purchase down to the 31st October, 1920?

A. - (a) Interest costs, expenses of operation and provision for reserve in respect to plant renewal exceeded the income of the System for the fiscal year ending Oct. 31, 1917, by \$24,218.75;

(b) Income exceeded interest costs, expenses of operation and provision for reserve in respect to plant renewal of the System for the fiscal year ending Oct. 31, 1918 by \$16,500;

(c) Interest costs, etc. exceeded income for 1919 by \$183,670.64;

(d) Income exceeded costs for year 1920 by \$23,858.44, after making full provision for water rentals due Federal Government accrued since 1916.

13 - Has any allowance been made for Sinking Fund?

A - No, except with regard to the Bruton Township purchase price--30 year 4% basis--\$5,400 per year--\$19,981.05 collected to 31st Oct., 1920.

14 - Has any arrangement been made for repayment of the moneys advanced by the Province?

A.- No.

VOTES AND PROCEEDINGS

10 - What amount was included in the purchase price for water rights, franchises and other assets of an intangible and non-income returning nature?

A. - \$2,377,542.

11 - What is the actual value of these water rights, assets and other intangible assets?

A - The Power Commission states that it cannot fix the valuation at the present time.

12 - What has been the financial results of the operation of the System year by year since the purchase down to the 31st October, 1930?

A. - (a) Interest costs, expenses of operation and provision for reserve in respect to plant renewal exceeded the income of the System for the fiscal year ending Oct. 31, 1917, by \$24,218.75;

(b) Income exceeded interest costs, expenses of operation and provision for reserve in respect to plant renewal of the System for the fiscal year ending Oct. 31, 1918 by \$12,800;

(c) Interest costs, etc. exceeded income for 1919 by \$122,470.64;

(d) Income exceeded costs for year 1920 by \$22,828.46, after making full provision for water rentals due Federal Government accrued since 1916.

13 - Has any allowance been made for sinking fund?

A - No, except with regard to the System Township purchase price--\$0 year 22 basis--\$6,400 per year--\$18,981.08 collected to 31st Oct. 1930.

14 - Has any arrangement been made for repayment of the money advanced by the Province?

A. - No.

VOTES AND PROCEEDINGS

15 - Was any legislation proposed by the H.E.P.C. for submission to the Legislature at this present session. If so, what was the purport and object of such legislation?

A.- Yes; the Bill provided that the Commission might, with the approval of the Lieutenant-Governor in Council, sell outright to any municipality any local system for the distribution of electric light and power, or gas or water or the local street railway, and that such municipality was to pay for the works taken over by an issue of debentures. The debentures were to be handed over to the Commission, and the Commission might sell same and employ the proceeds towards the extension, improvement and operation of the properties remaining in its possession, or pay the same to, or deposit the debentures with the Treasurer of the Province of Ontario. With regard to the power plants and transmission lines, the Bill provided that these would be dealt with between the municipalities and the Commission in the same way in which the Niagara System is dealt with. The Municipalities might enter into contracts with the Power Commission for a supply of powers, and practically come under the provisions of the Hydro-Electric Power Act with regard to the Niagara System. The Bill then provided that the Province might sell and the Commission might purchase these power plants and transmission lines and that the Commission should issue and the Province accept bonds of the Commission for the purchase price, payable in 40 years from the date of purchase. The Bill also provided that the Power Commission and a municipal corporation might set aside any agreement or franchise entered into between a corporation and any of the companies whose assets are now owned by the Commission notwithstanding that such agreement or franchise was formerly approved by the ratepayers or confirmed by any Statute.

16 - Does the Government intend to bring down such legislation?

A. - NO.

-4-
VOTES AND PROCEEDINGS

15 - Was any legislation proposed by the H.E.P.C. for submission to the Legislature at this present session. If so, what was the purpose and object of such legislation?

A. - Yes; the Bill provided that the Commission might, with the approval of the Lieutenant-Governor in Council, sell outright to any municipality any local system for the distribution of electric light and power, or gas or water or the local street railway, and that such municipality was to pay for the works taken over by an issue of debentures. The debentures were to be handed over to the Commission, and the Commission might sell same and employ the proceeds towards the extension, improvement and operation of the properties remaining in liquidation, or pay the same to, or deposit the debentures with the Treasurer of the Province of Ontario. With regard to the power plants and transmission lines, the Bill provided that these would be dealt with between the municipalities and the Commission in the same way in which the Niagara System is dealt with. The municipalities might enter into contracts with the Power Commission for a supply of power, and practically come under the provisions of the Hydro-Electric Power Act with regard to the Niagara System. The Bill then provided that the Province might sell and the Commission might purchase these power plants and transmission lines and that the Commission should lease and the Province accept bonds of the Commission for the purchase price, payable in 40 years from the date of purchase. The Bill also provided that the Power Commission and a municipal corporation might set aside any agreement or franchise entered into between a corporation and any of the companies whose assets are now owned by the Commission notwithstanding that such agreement or franchise was formerly approved by the ratepayers or confirmed by any Statute.

16 - Does the Government intend to bring down such legislation?

A. - No.

VOTES AND PROCEEDINGS

17 - What objections, if any, were urged by the Government to the legislation proposed by the H.B.P.C?

A.- First--with regard to any local system for the distribution of electric light and power or gas or water or the local street railway, that the debentures should be handed over to the Province direct, and that none of the proceeds should be applied towards the extensions, improvements or operation of other properties remaining in the possession of the Commission. If monies were required for the latter purpose that they should be advanced by the Province direct to the Commission.

Second--With regard to the power plants and transmission lines it was thought that the simple way would be merely for the municipalities concerned to enter into the same arrangement in every respect as that entered into by the municipalities in the Niagara System. It was considered that there was no necessity for the Commission purchasing these power plants and transmission lines from the Province, and issuing its bonds and handing them over to the Province.

Third--It was considered that the Central Ontario Power Act, 1916, gave all the power necessary to the Lieutenant-Governor in Council to sell the System, or any part thereof, to any municipality or municipalities which desired to purchase or assume same.

Fourth--It was considered that if the System or any part of it had to be sold at a loss that the proper way to meet such loss was for the Province to fix the price of purchase at the proper amount, and write off such loss.

18 - Does the Government propose to bring down any legislation on the subject this Session?

A.- No.

19 - Is the Central Ontario Power System now in the view of the Government on a sound financial footing?

A -Probably not. It is ~~the~~ represented to the Government that it is doubtful whether the water rights, franchises and other assets of an intangible nature, for which \$2,677,342 was paid, have any real value.

17 - What objection, if any, were raised by the Government to the legislation proposed by the H.R.P.C?

A. - First--with regard to any local system for the distribution of electric light and power or gas or water or the local street railway, that the Government should be handed over to the Province direct, and that none of the proceeds should be applied towards the extensions, improvements or operation of other properties remaining in the possession of the Commission. It would be required for the latter purpose that they should be advanced by the Province direct to the Commission.

Second--With regard to the power plants and transmission lines it was thought that the simple way would be merely for the municipalities concerned to enter into the same arrangement in every respect as that entered into by the municipalities in the Niagara System. It was considered that there was no necessity for the Commission purchasing these power plants and transmission lines from the Province, and issuing its bonds and handing them over to the Province.

Third--It was considered that the Central Ontario Power Act, 1916, gave all the power necessary to the Lieutenant-Governor in Council to sell the system, or any part thereof, to any municipality or municipalities which desired to purchase or assume same.

Fourth--It was considered that if the system or any part of it had to be sold at a loss that the proper way to meet such loss was for the Province to fix the price of purchase at the proper amount, and write off such loss.

18 - Does the Government propose to bring down any legislation on the subject this Session?

A. - No.

19 - Is the Central Ontario Power System now in the view of the Government on a sound financial footing?
A - Probably not. It is represented to the Government that it is doubtful whether the water rights, transmission and other assets of an intangible nature, for which \$2,677,542 was paid, have any real value.

VOTES AND PROCEEDINGS -1921

20 - Will the renewal of the outstanding debentures, when they mature, entail an extra annual charge on the System? If so to what amount?

A.- Yes. It is impossible to state to what amount at present, but the extra annual charge will be whatever rate of interest has to be paid for the renewal of the outstanding debentures over four per cent.

21 - What is the present amount of the outstanding debentures issued by the Province on account of this System?

A.-\$8,350,000, exclusive of advances made for improving the System, etc.

22 - Are the rates payable for power by the customers of the System fixed by long term contracts. If so, what are the terms?

A.- The Hydro-Electric Power Commission states that some of the contracts are for long terms, and others are for short terms.

23 - If so, do these contracts provide for payment of an adequate price for power?

A.- The Commission states that some contracts do, and some do not.

24 - Has the Government under consideration any plan for putting the System on a better business basis?

A.-The matter will have the consideration of the Government.

(Questions answered by the Attorney-General)

-2-
VOTES AND PROCEEDINGS - 1921

20 - Will the renewal of the outstanding debentures, when they mature, entail an extra annual charge on the System? If so to what amount?

A. - Yes. It is impossible to state to what amount at present, but the extra annual charge will be whatever rate of interest has to be paid for their renewal of the outstanding debentures over four per cent.

21 - What is the present amount of the outstanding debentures issued by the Province on account of this System?

A. - \$2,350,000, exclusive of advances made for improving the System, etc.

22 - Are the rates payable for power by the customers of the System fixed by long term contracts. If so, what are the terms?

A. - The Hydro-Electric Power Commission states that some of the contracts are for long terms, and others are for short terms.

23 - If so, do these contracts provide for payment of an adequate price for power?

A. - The Commission states that some contracts do, and some do not.

24 - Has the Government under consideration any plan for putting the System on a better business basis?

A. - The matter will have the consideration of the Government.

(Questions answered by the Attorney-General)

OF

ELECTRIC POWER CO.

CONDENSED STATEMENT

Net Bonds Issued	Replacement Total Valuation	Present Total Valuation	Bond Interest 5%	Int. on El Pr. Bond & Preferred Stock
				6% - 60,000.
	1,000,000.			
Electric Power Co.	9,038	6,779		
Auburn Power Co.	249,769	228,660	25,400	
Central Power Co.	186,860	163,559	29,000	
Cobourg Utilities	379,968	228,303	11,000	
Eastern Power Co	792,845	750,305	75,650	
Lt.Ht. & Pr.Lindsay	193,588	154,169	10,750	
Napanee Gas	66,315	31,298	200	
Napanee W.&El Co.	89,179	36,503	4,350	
Nipissing Power Co.	398,527	309,200	28,550	
Northumberland Pulp	94,278	76,958	5,000	
City Gas Co.Oshawa	98,226	75,131	4,250	
Oshawa Light				
	220,025	192,250	14,250	
Otonabee Power Co				
	88,333	29,668		7% - 7,882
Peterboro Gas	127,668	98,768	9,100	
Port Hope Lt.Ht.& Pr	89,966	64,384	1,000	
Seymour Power Co	1,420,957	1,153,257	97,500	
Sydney El.Pr.Co.	507,879	445,773	47,000	
Trenton El.&Water	370,972	248,499	16,800	
Tweed El.Lt	17,419	14,546	800	
Peterboro Radial Ry	196,593	122,455	6,000	
TOTALS	5,598,411	4,410,466	385,500 ^x	67,882

^x Bond Interest figured on what we have termed
Net Bond Issue.

[illegible]

卷之四
 卷之五
 卷之六
 卷之七
 卷之八
 卷之九
 卷之十
 卷之十一
 卷之十二
 卷之十三
 卷之十四
 卷之十五
 卷之十六
 卷之十七
 卷之十八
 卷之十九
 卷之二十
 卷之二十一
 卷之二十二
 卷之二十三
 卷之二十四
 卷之二十五
 卷之二十六
 卷之二十七
 卷之二十八
 卷之二十九
 卷之三十
 卷之三十一
 卷之三十二
 卷之三十三
 卷之三十四
 卷之三十五
 卷之三十六
 卷之三十七
 卷之三十八
 卷之三十九
 卷之四十
 卷之四十一
 卷之四十二
 卷之四十三
 卷之四十四
 卷之四十五
 卷之四十六
 卷之四十七
 卷之四十八
 卷之四十九
 卷之五十
 卷之五十一
 卷之五十二
 卷之五十三
 卷之五十四
 卷之五十五
 卷之五十六
 卷之五十七
 卷之五十八
 卷之五十九
 卷之六十
 卷之六十一
 卷之六十二
 卷之六十三
 卷之六十四
 卷之六十五
 卷之六十六
 卷之六十七
 卷之六十八
 卷之六十九
 卷之七十
 卷之七十一
 卷之七十二
 卷之七十三
 卷之七十四
 卷之七十五
 卷之七十六
 卷之七十七
 卷之七十八
 卷之七十九
 卷之八十
 卷之八十一
 卷之八十二
 卷之八十三
 卷之八十四
 卷之八十五
 卷之八十六
 卷之八十七
 卷之八十八
 卷之八十九
 卷之九十
 卷之九十一
 卷之九十二
 卷之九十三
 卷之九十四
 卷之九十五
 卷之九十六
 卷之九十七
 卷之九十八
 卷之九十九
 卷之一百

GRAND SUMMARY
OF
THE ELECTRIC POWER COMPANY
(As of Oct. 1st, 1914)

		<u>REPLACEMENT COST</u>	<u>PRESENT VALUE</u>
I	THE AUBURN POWER COMPANY OF PETERBOROUGH	53,182	45,249
II	CENTRAL ONTARIO POWER COMPANY, LIMITED.	163,007	141,706
III	THE COBOURG UTILITIES CORPORATION, LTD	379,968	228,303
IV	THE EASTERN POWER COMPANY, LIMITED.	253,968	214,630
V	THE LIGHT HEAT & POWER CO. OF LINDSAY, LTD.	149,563	80,445
VI	THE NAPANEE GAS COMPANY.	66,315	31,298
VII	THE NAPANEE WATER & ELECTRIC LIGHT COMPANY	36,051	21,575
VIII	THE NIPISSING POWER COMPANY, LIMITED.	265,270	194,477
IX	THE NORTHUMBERLAND PULP COMPANY, LIMITED.	94,278	76,958
X	THE CITY GAS COMPANY OF OSHAWA, LIMITED.	98,226	75,131
XI	THE OSHAWA ELECTRIC LIGHT COMPANY, LTD.	220,025	192,250
XII	THE OTONABEE POWER COMPANY, LIMITED	51,840	24,825
XIII	PETERBOROUGH LIGHT & POWER COMPANY, LTD	127,668	98,768
XIV	PETERBOROUGH RADIAL RAILWAY COMPANY	196,559	122,455
XV	PORT HOPE ELECTRIC LIGHT & POWER CO. LTD.	89,966	64,384
XVI	SEYMOUR POWER AND ELECTRIC COMPANY, LTD.	1,253,343	1,007,057
XVII	SIDNEY ELECTRIC POWER COMPANY, LIMITED.	164,998	137,667
XVIII	TRENTON ELECTRIC AND WATER COMPANY, LTD.	370,972	248,499
XIX	THE TWEED ELECTRIC LIGHT & POWER CO. LTD	12,744	11,047
XX	ELECTRIC POWER COMPANY	<u>9,038</u>	<u>6,779</u>
		<u>\$4,057,021</u>	<u>\$3,023,503</u>

GRAND SUMMARY

OF

THE ELECTRIC POWER COMPANY

(As of Oct. 1st, 1914)

PRESENT VALUE	REPLACEMENT COST	
48,243	53,182	THE AUBURN POWER COMPANY OF PETERBOROUGH
141,706	168,007	CENTRAL ONTARIO POWER COMPANY, LIMITED.
228,302	272,988	THE COBORO UTILITIES CORPORATION, LTD.
214,620	228,988	THE EASTERN POWER COMPANY, LIMITED.
80,445	142,883	THE LIGHT HEAT & POWER CO. OF LINDSEY, LTD.
21,228	66,212	THE MAPLE GAS COMPANY.
21,278	36,081	THE MAPLE WATER & ELECTRIC LIGHT COMPANY
124,477	268,270	THE NIPISING POWER COMPANY, LIMITED.
76,988	24,278	THE NORTHUMBERLAND PULP COMPANY, LIMITED.
75,181	28,226	THE CITY GAS COMPANY OF ORHAWA, LIMITED.
122,220	220,022	THE ORHAWA ELECTRIC LIGHT COMPANY, LTD.
24,822	21,840	THE OTOHABEE POWER COMPANY, LIMITED
28,768	127,668	PETERBOROUGH LIGHT & POWER COMPANY, LTD.
122,455	126,582	PETERBOROUGH RADIAL RAILWAY COMPANY
64,284	89,966	PONT ROSE ELECTRIC LIGHT & POWER CO. LTD.
1,067,627	1,252,242	SENIOR POWER AND ELECTRIC COMPANY, LTD.
127,667	164,928	SIDNEY ELECTRIC POWER COMPANY, LIMITED.
248,492	270,272	TRENTON ELECTRIC AND WATER COMPANY, LTD.
11,047	12,744	THE TREND ELECTRIC LIGHT & POWER CO. LTD.
6,772	2,022	ELECTRIC POWER COMPANY
<u>\$2,022,502</u>	<u>\$4,057,021</u>	

HYDRAULIC VALUATIONS

	<u>Replacement Cost</u>	<u>Present Cost</u>
Auburn Power Co.	196,587	183,411
Auburn Power House	196587	183411
Central Ont. Power Co.	15,353	11,706
Burleigh Falls & Buckhorn	5756	5756
Pt. Hope Old Gen. Stn	<u>9597</u>	<u>5950</u>
Eastern Power Co.	541,292	539,108
Dams #8 & 9	10640	21280
Dam #10	28150	28150
Dam #14 Healey Falls-	<u>502502</u>	<u>489678</u>
Light, Heat & Power Co. of Lindsay, Ltd	44,026	53,724
Fenelon Falls Power House	<u>44,026</u>	<u>53724</u>
Napanee Water & Elec. Co.	53,128	14,928
Napanee & Newburg	<u>53128</u>	<u>14928</u>
Nipissing Power Co.	132,330	113,878
Oshawa Electric Light & Power Co.	8,500	6,500
Old Generating Stn. Oshawa	<u>8500</u>	<u>6500</u>
Otonabee Power Co.	36,493	4,843
Otonabee Gen. Stn.	<u>36493</u>	<u>4843</u>
Seymour Power Co.	167,614	146,200
Dam #11, Campbellford	<u>167614</u>	<u>146,200</u>
Sidney Power & Elec Co.	342,881	308,106
Dam #1, Trenton	16,640	2,571
Dam #2	144,688	136,111
Dam #3 & 4	7,750	6,750
Dam #5	<u>172,803</u>	<u>162,674</u>
Tweed Electric Light & Power Co.	4,675	3,500
Tweed Old Gen. Stn	<u>4,675</u>	<u>3,500</u>
Total	\$1,542,879	\$1,385,904

HYDRAULIC VALUATIONS

Present Cost	Replacement Cost	
188,411	186,587	Arthur Power Co.
11,708	18,383	Arthur Power House
559,108	541,232	Central Ont. Power Co.
	5755	Burlington Falls & Brockton
	5887	Pt. Hope Old Gen. Stn
	10640	Eastern Power Co.
	20180	Dams #8 & 9
	502802	Dam #10
		Dam #14 Hodely Falls-
55,724	44,026	Light, Heat & Power Co. of
	44,026	Lindsay, Ltd
14,328	52,128	Panola Falls Power House
	52128	Kapane Water & Elec. Co.
	14328	Kapane & Newbury
112,678	122,330	Nipissing Power Co.
6,800	8,800	Onawa Electric Light & Power Co.
	8800	Old Generating Stn. Onawa
4,843	36,493	Otonabee Power Co.
	36493	Otonabee Gen. Stn.
146,200	127,614	Severn Power Co.
	127614	Dam #11, Campbellford
308,108	342,881	Sidney Power & Elec Co.
	16,640	Dam #1, Trenton
	144,888	Dam #2
	7,750	Dam #3 & 4
	172,802	Dam #5
3,500	4,675	Tweed Electric Light & Power Co.
	4,675	Tweed Old Gen. Stn
\$1,282,904	\$1,542,879	Total

CENTRAL ONTARIO SYSTEM

INTERIM RATES FOR POWER

	<u>1914</u>	<u>1915</u>	<u>1916</u>	<u>1917</u>	<u>1918</u>	<u>1919</u>	<u>1920</u>	<u>1921</u>
PETERBORO	\$18.00	\$18.00	\$17.70 3067 HP	\$17.70 4020 HP	\$17.50 3800 HP	\$17.50 3520 HP	\$17.50 3950 HP	\$22.50 4886 HP
PICTON	-	-	-	-	-	\$49.14 205 HP	\$49.14 295 HP	\$54.14 249.6 HP
WELLINGTON	-	-	-	-	-	\$52.76 71 HP	\$52.76 87 HP	\$52.76 63 HP
LAKEFIELD	-	-	-	-	-	-	\$36.00 161 HP	\$36.56 156.8HP
BLOOMFIELD	-	-	-	-	-	52 HP	54 HP	\$66.16 122.7 HP
HAVELOCK	-	-	-	-	-	-	-	\$68.00 71.4 HP
MARMORA	-	-	-	-	-	-	-	\$53.70 49.5 HP
WATERLOO	-	-	-	-	-	-	-	\$42.00 37.5 HP
WHITBY ‡	-	-	-	-	-	-	-	\$29.00 509.5 HP
			217 HP	260 HP	245 HP	265 HP	424 HP	

‡ - No contract signed with Whitby

--These are the only rates available from the Auditors' and H.E.P.C. Reports. The Government appears to be carrying on the old Seymour contracts and consequently these rates are not comparable to the rates of the other Hydro Systems.

CENTRAL ONTARIO STEEL

INTERIN RATES FOR POWER

	1914	1915	1916	1917
PETERBORO	\$18.00	\$18.00	\$17.70	\$17.70
PICCON	-	-	-	-
WILMINGTON	-	-	-	-
LAKESHIRE	-	-	-	-
BLOOMFIELD	-	-	-	-
HAVESOCK	-	-	-	-
NARROWA	-	-	-	-
WILKINSON	-	-	-	-
WHITBY	-	-	-	-

* - No contract signed with Whitby

--These are the only rates available from the Auditors' and R.R.C. Reports. The Government appears to be carrying old Belmont contracts and consequently these rates are payable to the rates of the other Hydro Systems.

D R A F T

MINUTES OF MEETINGS OF THE HYDRO ELECTRIC
POWER COMMISSION

Extracts from Minutes Central Ontario System

Date of Meeting: Friday, June 5, 1914.

Present: Chairman and Commissioners
Hendrie and McNaught.

Campbellford
distribution
system

"Acting upon the request of the Town of
Campbellford, the Chief Engineer was given authority
to act in a consulting capacity on their distribution
system".

Date of Meeting: Wednesday, September 30, 1914.

Present: Chairman and Commissioner McNaught.

ms
No. 4 and 8
ent
lley
nals.

"Re lease of dams No. 4 and 8 Trent Valley Canal,
The Chairman was authorized to communicate with the Minister
of Railways and Canals, Ottawa, requesting the lease to
the Commission of dams No. 4 and 8, as set out in the
communications under date the 20th of November, 1911, and
the 2nd of November, 1912".

Date of Meeting: Wednesday, October 14, 1914.

Present: Chairman and Commissioners
Lucas and McNaught.

MINUTES OF MEETINGS OF THE HYDRO ELECTRIC
POWER COMMISSION

Extracts from Minutes General Ontario System

Date of Meeting: Friday, June 5, 1914.

Present: Chairman and Commissioners
Hendrie and McNaught.

"Acting upon the request of the Town of
Campbellford, the Chief Engineer was given authority
to act in a consulting capacity on their distribution
system".

Campbellford
distribution
system

Date of Meeting: Wednesday, September 30, 1914.

Present: Chairman and Commissioner McNaught.

"Re lease of dams No. 4 and 8 Trent Valley Canal.
The Chairman was authorized to communicate with the Minister
of Railways and Canals, Ottawa, requesting the lease to
the Commission of dams No. 4 and 8, as set out in the
communications under date the 20th of November, 1911, and
the 2nd of November, 1912".

and 8
t
ey
la.

Date of Meeting: Wednesday, October 14, 1914.

Present: Chairman and Commissioners
Lucas and McNaught.

- 2 -

"Confirmation of the communication of the Minister of Railway and Canals respecting lease of dams Nos. 4 and 8 was confirmed."

Date of Meeting: Wednesday, October 28th, 1914.

Present Chairman and Commissioners
Lucas and McNaught.

"Communication from the Department of Railways and Canals re dams on the Trent River was read and referred to the Chairman for attention."

Date of Meeting: Tuesday, April 27, 1915.

Present: Vice Chairman Commissioner
Lucas McNaught

"Mr. Strachan Johnston having telephoned Commissioner McNaught advising that he had a request from the Town of North Bay to apply for an extension of the franchise of their Company and asking to be heard, accordingly the meeting was called and the Secretary advised Mr. Johnston to attend, which he did, accompanied by Mr. Robertson of North Bay. He stated that the Town of North Bay had forwarded to the Seymour Power Co. a copy of a recommendation of a special committee to the Council of North Bay, which had been unanimously approved by the Council, setting out that in 1912 a By-law was passed authorizing the Town to enter into a contract with the Hydro-Electric Power Commission for

"Confirmation of the communication of the
Minister of Railway and Canals respecting lease of
dams Nos. 4 and 8 was confirmed."

Date of Meeting: Wednesday, October 28th, 1914.

Present: Chairman and Commissioners
Lucas and McNamara.

"Communication from the Department of Railways
and Canals re dams on the Trent River was read and
referred to the Chairman for attention."

Date of Meeting: Tuesday, April 27, 1915.

Present: Vice Chairman
Lucas
Commissioner
McNamara

"Mr. Strachan Johnston having telephoned Com-
missioner McNamara advising that he had a request from
the Town of North Bay to apply for an extension of the
franchise of their Company and asking to be heard, ac-
cordingly the meeting was called and the Secretary ad-
vised Mr. Johnston to attend, which he did, accompanied
by Mr. Robertson of North Bay. He stated that the
Town of North Bay had forwarded to the Seymour Power
Co. a copy of a recommendation of a special committee
to the Council of North Bay, which had been unanimously
approved by the Council, setting out that in 1912 a By-
law was passed authorizing the Town to enter into a
contract with the Hydro-Electric Power Commission for

- 3 -

a supply of power and light. In January 1913 a By-law was passed authorizing the issuing of debentures for \$60,000 to purchase or establish a distribution plant, and that full power had been given to the Hydro to carry this out. Nothing further having been done, they now requested the Company to quote to the Town of North Bay their best terms for a supply of light and power, and they also stated that Sir Adam Beck did not object to bringing this about. This resolution was dated the 19th day of April, 1915, and signed by the Committee consisting of D. Barber, T. J. Patton and M. J. Bell. Mr. Johnston stated that in 1912 their franchise expired, for lighting, etc. in North Bay, but that they had a perpetual franchise in the Township of Widdifield for light and power and a franchise in North Bay proper for power; that a portion of the Township in which they hold the perpetual franchise had been taken into North Bay and they claim that in that portion of the Town they have a perpetual franchise for both light and power and they now request that the Commission give their consent to the application for the extension of their franchise in North Bay, and intimate that if they do this, they will go on, otherwise, they are not so disposed to

a supply of power and light. In January 1913 a By-law was passed authorizing the leasing of debentures for \$60,000 to purchase or establish a distribution plant, and that full power had been given to the Hydro to carry this out. Nothing further having been done, they now requested the Company to quote to the Town of North Bay their best terms for a supply of light and power, and they also stated that Sir Adam Beck did not object to bringing this about. This resolution was dated the 19th day of April, 1915, and signed by the Committee consisting of D. Barber, T. J. Patton and M. J. Bell. Mr. Johnston stated that in 1912 their franchise expired, for lighting, etc. in North Bay, but that they had a perpetual franchise in the Township of Widdfield for light and power and a franchise in North Bay proper for power; that a portion of the Township in which they hold the perpetual franchise had been taken into North Bay and they claim that in that portion of the Town they have a perpetual franchise for both light and power and they now request that the Commission give their consent to the application for the extension of their franchise in North Bay, and intimate that if they do this, they will go on, otherwise, they are not so disposed to

pplication
or
xtension
f North Bay
ranchises
ontin'd

do, as they do not desire any further controversy. The Secretary then pointed out to them that for the past two years the Commission had been endeavoring by correspondence and interviews to get them to fix a price upon their whole plant, and also upon their distributing plant in North Bay, without success, that the only prices and particulars given were that for power, which ran from \$27.00 to \$37.00 in quantities from 1,500 down to 750 H.P. Mr. Johnston stated that they would not give a price on the distributing plant alone. It was pointed out that it had been suggested that they should make their price upon the distributing plant contingent upon an arrangement for power for a term of years. He intimated that they had no desire to do this, but were anxious to sell out their whole plant, including both generating and distributing, and they would sell cheap. He was again asked by the Board to quote prices upon the whole plant and upon the distributing plant. They have promised to immediately give a price upon the whole plant, but did not commit themselves at all to the separation of the prices."

do, as they do not desire any further controversy. The Secretary then pointed out to them that for the past two years the Commission had been endeavoring by correspondence and interviews to get them to fix a price upon their whole plant, and also upon their distributing plant in North Bay, without success, that the only prices and particulars given were that for power, which ran from \$27.00 to \$37.00 in quantities from 1,500 down to 750 H.P. Mr. Johnston stated that they would not give a price on the distributing plant alone. It was pointed out that it had been suggested that they should make their price upon the distributing plant contingent upon an arrangement for power for a term of years. He intimated that they had no desire to do this, but were anxious to sell out their whole plant, including both generating and distributing, and they would sell cheap. He was again asked by the Board to quote prices upon the whole plant and upon the distributing plant. They have promised to immediately give a price upon the whole plant, but did not commit themselves at all to the separation of the prices."

location
North Bay
nominee
tim'd

- 5 -

Date of Meeting: Friday, July 30, 1915.

Present: Chairman and Commissioners
Lucas and McNaught.

"Power for the Municipality of North Bay was taken up and the matter referred to the Chief Engineer and the Secretary with a view of getting in touch with the Electric Company to see what arrangements could be made."

"The question of the development of power on the Trent River was taken up and a lengthy and careful discussion of this matter took place. It was finally decided that in view of the Commission's obligations in the Eastern District and the pressing demand of the Municipalities for power, that application should be made to the Minister of Railways and Canals to develop the water power at the following locations:-

- "At Dam. No.4 - On the Peterborough-Lakefield Division.
- At Dam No.8 - At the foot of Meyer's Island.
- At Dam No.9 - At the head of Meyer's Island.
- At Dam No.10- At the site known as Ranney's Falls.

"The Secretary was instructed to make this application at once, setting out the fact that the Commission has been negotiating for the acquiring of the properties of the Electric Power Company for over a year, and has expended a large amount of money in the preparation of

Date of Meeting: Friday, July 30, 1915.

Present: Chairman and Commissioners
Luce and McNaught.

"Power for the Municipality of North Bay was taken up and the matter referred to the Chief Engineer and the Secretary with a view of getting in touch with the Electric Company to see what arrangements could be made."

"The question of the development of power on the Trent River was taken up and a lengthy and careful discussion of this matter took place. It was finally decided that in view of the Commission's obligations in the Eastern District and the pressing demand of the Municipality for power, that application should be made to the Minister of Railways and Canals to develop the water power at the following locations:-

- "At Dam No. 4 - On the Peterborough-Lakefield Division.
- At Dam No. 8 - At the foot of Meyer's Island.
- At Dam No. 9 - At the head of Meyer's Island.
- At Dam No. 10 - At the site known as Ranney's Falls.

"The Secretary was instructed to make this application at once, setting out the fact that the Commission has been negotiating for the acquiring of the properties of the Electric Power Company for over a year, and has expended a large amount of money in the preparation of

n-Success
negoti-
ions with
ectric
wer
mpany
nt(d

reports, investigations, etc. along these lines, and as the Commission has made a fair and generous offer to the Company, and nothing has come of it, it is now felt that development must take place by the Commission."

Date of Meeting: Monday, September 13, 1915.

Present: Chairman and Commissioner Lucas.

ms
ent
nal.

"Re power from the Trent Canal, the matter was taken up and discussed, and the Secretary was instructed to again communicate with the Minister of Railways and Canals, advising that the applicants for power in the Eastern district were pressing for service and asking when the Commission may expect the issue of the dams on the Trent Canal already applied for."

ver for
rth Bay

"Power situation at North Bay stands for a further meeting."

Date of Meeting: Thursday, October 14, 1915.

Present: Chairman and Commissioners Lucas and McNaught.

ower for
rth Bay

"Re North Bay. This matter was discussed and it was decided that when the agreement between the Municipality and the Nipissing Power Co. had been considered, that the Secretary arrange a meeting between the Company and the Commission, at which the Municipality should be present."

reports, investigations, etc. along these lines, and as the Commission has made a fair and generous offer to the Company, and nothing has come of it, it is now felt that development must take place by the Commission."

Date of Meeting: Monday, September 13, 1915.
 Present: Chairman and Commissioner Lucas.
 "Re power from the Trent Canal, the matter was taken up and discussed, and the Secretary was instructed to again communicate with the Minister of Railways and Canals, advising that the applicants for power in the Eastern district were pressing for service and asking when the Commission may expect the issue of the dams on the Trent Canal already applied for."

"Power situation at North Bay stands for a further meeting."

Date of Meeting: Thursday, October 14, 1915.
 Present: Chairman and Commissioners Lucas and McNaught.
 "Re North Bay. This matter was discussed and it was decided that when the agreement between the Municipality and the Nipissing Power Co. had been considered, that the Secretary arrange a meeting between the Company and the Commission, at which the Municipality should be present."

- 7 -

Date of Meeting: Friday, November 26, 1915.

Chairman and Commissioners
Lucas and McNaught.

Power
for
North Bay

"Re North Bay, - the matter was ordered to stand pending negotiations with the Seymour Power Co."

Date of Meeting: Wednesday, December 15, 1915.

Present: Chairman and Commissioners
Lucas and McNaught.

Central
Ontario
Power Co.
Lease

"Provincial Lease No.1851 issued to the Central Ontario Power Company was considered and ordered to stand."

Date of Meeting: Friday, March 3, 1916

Present: Chairman and Commissioners
Lucas and McNaught

Dams
8, 9 and
10
Trent
Valley
Canal

"Re expropriation (sic) of Dams 8, 9 and 10 on the Ontario-Rice Lake Division of the Trent Valley Canal. The Chairman explained the situation and it was resolved that the Commission take immediate steps to apply for an Order-in-Council authorizing the expropriation of riparian rights associated with these dams".

Date of Meeting: Friday, November 26, 1916.

Chairman and Commissioners
Lucas and McNaught.

"Re North Bay, - the matter was ordered to stand pending negotiations with the Seymour Power Co."

Date of Meeting: Wednesday, December 15, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"Provincial Lease No. 1851 issued to the Central Ontario Power Company was considered and ordered to stand."

Date of Meeting: Friday, March 3, 1916

Present: Chairman and Commissioners
Lucas and McNaught

"Re expropriation (also) of Dams 8, 9 and 10 on the Ontario-Rice Lake Division of the Trent Valley Canal. The Chairman explained the situation and it was resolved that the Commission take immediate steps to apply for an Order-in-Council authorizing the expropriation of riparian rights associated with these dams."

Date of Meeting: Thursday, March 9, 1916.

Present: Chairman and Commissioners
Lucas and McNaught

"Re the recommendation of the Commission to the Government as to the offer made to the Electric Power Company, the Chairman was instructed to take this matter up with the Minister of Lands, Forests and Mines, confirming the recommendation made and making it clear that the plant of the Nipissing Power Co. at North Bay was included."

Date of Meeting: Tuesday, April 4, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"The Chief Engineer submitted a report re the controversial points raised with reference to the details of taking over the Electric Power Company's system, which was considered and ordered to stand."

Date of Meeting: Wednesday, April 19, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"An Act to confirm an Agreement between the Electric Power Co. and His Majesty the King was laid before the Board and noted. The Commission noted that the time of the debentures had been changed

Date of Meeting: Thursday, March 9, 1916.

Present: Chairman and Commissioners
Lucas and McNaught

"Re the recommendation of the Commission to the Government as to the offer made to the Electric Power Company, the Chairman was instructed to take this matter up with the Minister of Lands, Forests and Mines, confirming the recommendation made and making it clear that the plant of the Nipissing Power Co. at North Bay was included."

Date of Meeting: Tuesday, April 4, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"The Chief Engineer submitted a report re the controversial points raised with reference to the details of taking over the Electric Power Company's system, which was considered and ordered to stand."

Date of Meeting: Wednesday, April 19, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"An Act to confirm an Agreement between the Electric Power Co. and His Majesty the King was laid before the Board and noted. The Commission noted that the time of the debentures had been changed

After
o
Electric
Power
Company

Chief-
Engineer
submitted
a report re
the details of
taking over
the Electric
Power Company

ception
Ken to
Agreement
the Electric
Power Co. as
confirmed by

- 9 -

exception
taken to
agreement
with Electric
Power Co. as
confirmed by
act.

from 50 years to 10 years, which ^{was} has not in
accordance with the recommendation of the Com-
mission."

An unsigned sheet containing minutes of the
same meeting found loose in the Minute Book con-
tains the following paragraph:-

"Draft copy of an Act to confirm an Agreement
between the Electric Power Co. and His Majesty the
King was laid before the Board and noted. It was
decided that the Chairman be authorized to commun-
icate with the Minister of Lands, Forests and Mines,
calling his attention to the fact that the agree-
ment forming the schedule to the Act confirming
the same is not in accordance with the recommend-
ation signed by the Chairman and confirmed at the
meeting of the Commission held on the 9th of March
inasmuch as the long term debentures have been
changed from 50 years, with sinking fund deferred
for 10 years, to 10 years."

from 50 years to 10 years, which has not in accordance with the recommendation of the Commission."

option
men to
reement
th Electric
wer Co. as
nformed by
t.

An unsigned sheet containing minutes of the same meeting found loose in the Minute Book contains the following paragraph:-

"Draft copy of an Act to confirm an Agreement between the Electric Power Co. and His Majesty the King was laid before the Board and noted. It was decided that the Chairman be authorized to communicate with the Minister of Lands, Forests and Mines, calling his attention to the fact that the agreement forming the schedule to the Act confirming the same is not in accordance with the recommendation signed by the Chairman and confirmed at the meeting of the Commission held on the 9th of March inasmuch as the long term debentures have been changed from 50 years, with sinking fund deferred for 10 years, to 10 years."

- 10 -

Date of Meeting: Tuesday, May 2, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"The Chief Engineer reported as to to the negotiations with respect to the reduction of tolls paid the Napanee River Improvement Co. re Electric Power Company's system, and the Secretary was directed to look up the Act, the matter to stand in the meantime until the Order in Council was passed directing the Commission to take over the property. similar action being taken in the case of the request of the employees of the Northumberland Paper Co. for an increase in wages."

Date of Meeting: Tuesday, May 9, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

"Order-in-Council dated the 5th day of May vesting the control, administration and manegement of the undertaking vested in the Crown under the Central Ontario Power Act was read, considered at length and ordered to be filed. The Chief Engineer and Secretary were directed to get in touch at once with the parties in charge and proceed to take the property over in accordance with the Order-in-Council, and report progress to the Commission.".

Tuesday, May 2, 1916.

Date of Meeting:

Chairman and Commissioners
Lucas and McNaught.

Present:

"The Chief Engineer reported as to the negotiations with respect to the reduction of tolls paid the Niagara River Improvement Co. re Electric Power Company's system, and the Secretary was directed to look up the Act, the matter to stand in the meantime until the Order in Council was passed directing the Commission to take over the property. Similar action being taken in the case of the re-quest of the employees of the Northumberland Paper Co. for an increase in wages."

Tuesday, May 2, 1916.

Date of Meeting:

Chairman and Commissioners
Lucas and McNaught.

Present:

"Order-in-Council dated the 5th day of May vesting the control, administration and management of the undertaking vested in the Crown under the Central Ontario Power Act was read, considered at length and ordered to be filed. The Chief Engineer and Secretary were directed to get in touch at once with the parties in charge and proceed to take the property over in accordance with the Order-in-Council, and report progress to the Commission."

Director
Tolls
Niagara
ver
p. Co.

to increase
Northumberland
Power Company

control etc.
ted in
own under
trial
tario
ver Act

- 11 -

Date of Meeting: Tuesday, May 16, 1916.

Present: Chairman and Commissioners
Lucas and McNaught.

Insurance
Matters re
Electric
Power Co.

"The Secretary reported the result of the enquiry respecting insurance carried by the Electric Power Co., and also the fact that Mr. Littlejohn, who had been Treasurer of the Company, was a licensed insurance agent and had been placing the insurance, crediting the Company with any commissions allowed. The Board directed that he should continue this method so far as the fire insurance was concerned under the supervision of the Secretary. It was decided that the Commission would carry the insurance on the employees for the present."

Salaries
Electric
Power Co.

"Resolutions respecting salaries to be paid to Mr. Colville and other employees of the Electric Power Co.

Date of Meeting: Tuesday, May 16, 1916.

Present: Chairman and Commissioners
Lucas and McWright.

"The Secretary reported the result of the
and in respecting insurance carried by the Electric
Power Co., and also the fact that Mr. Littlejohn, who
had been Treasurer of the Company, was a licensed in-
surance agent and had been placing the insurance,
crediting the Company with any commissions allowed.
The Board directed that he should continue this method
so far as the fire insurance was concerned under the
supervision of the Secretary. It was decided that
the Commission would carry the insurance on the em-
ployees for the present."

"Resolutions respecting salaries to be paid
to Mr. Colville and other employees of the Electric
Power Co.

insurance
atters re
Electric
Power Co.

salaries
Electric
Power Co.

CENTRAL ONTARIO SYSTEM

ABSTRACT OF CORRESPONDENCE

RE PETERBOROUGH

HYDRO ELECTRIC POWER COMMISSION

FILES:-

"PETERBOROUGH C-2001, E & M. 189"

From 1911 to 1916

"PETERBOROUGH Correspondence re
Application for Lease
of Waters"

GENERAL ONTARIO SYSTEM

ABSTRACT OF CORRESPONDENCE

RE PETTERBOROUGH

HYDRO ELECTRIC POWER COMMISSION

FILES:-

"PETTERBOROUGH G-2001, N & M. 189"

from 1911 to 1916

"PETTERBOROUGH Correspondence re
Application for Lease
of Waters"

CENTRAL ONTARIO SYSTEMRE: Peterborough

1907

May 10th

Letter to R. F. Williams, Mayor of Peterboro, to Beck, setting out position of Peterboro re their dealings with Peterboro Light and Power Co. states that said Company in November 1906 offered to sell to the City all their business at the price it had cost the present owners with interest in lieu of dividends and allowances for capital expenditures since the purchase six years ago. Sub. Committee of Council appointed to look into matter. Statement of Company furnished Committee proceeded with City's bill in Legislature authorizing purchase. Clause inserted by Private Bills Committee that any such agreement should be subject to approval of H.E.P.C. Mayor asks for appointment to discuss this as Company takes objection to same. Company to sell to others if City does not buy. City will have to secure water power. Company first offered sufficient power to run plant for three years and since offered to supply most of power required at \$15.00 but City wants to own its own power.

September 17th

Letter from McWilliams to Beck referring to application of City on July 10th, 1906, for the transmission and supply of electric power through the H.E.P.C. and requesting again that Engineer be sent.

December 7th

Letter from Secretary, H.E.P.C. to Councillor Bradburn stating that Engineer's report is nearly completed.

1910

October 13th,

Letter to W. K. McNaught to Secretary, reporting telephone communication from Industrial Commission, Peterboro, asking for conference with H.E.P.C. re power situation in Peterboro.

1911

January 28th

Letter, W. G. Morrow, Mayor, Peterboro, stating the City is desirous of obtaining power and that dams 3, 4 and 5, on Peterboro and Lakefield section of Trent Valley Canal and dams at Hastings and dam at Lakefield are suitable and asking for investigation of said dams by H.E.P.C.

CENTRAL ONTARIO SYSTEM

RE: Peterborough

1907
May 10th

Letter to R. P. Williams, Mayor of Peterboro,
to Beck, setting out position of Peterboro
re their dealings with Peterboro Light and
Power Co. states that said Company in November
1906 offered to sell to the City all their
business at the price it had cost the present
owners with interest in lieu of dividends and
allowances for capital expenditures since the
purchase six years ago. Sub. Committee of
Council appointed to look into matter. State-
ment of Company furnished Committee proceeded
with City's bill in Legislature authorizing
purchase. Clause inserted by Private Bill
Committee that any such agreement should be
subject to approval of H.E.P.C. Mayor asks
for appointment to discuss this as Company
takes objection to same. Company to sell to
others if City does not buy. City will have
to secure water power. Company first offered
sufficient power to run plant for three years
and since offered to supply most of power
required at \$15.00 but City wants to own its
own power.

Letter from McWilliams to Beck referring to
application of City on July 10th, 1906, for
the transmission and supply of electric power
through the H.E.P.C. and requesting again
that Engineer be sent.

Letter from Secretary, H.E.P.C. to Council
Braburn stating that Engineer's report is
nearly completed.

Letter to W. K. McNaught to Secretary, report-
ing telephone communication from Industrial
Commission, Peterboro, asking for conference
with H.E.P.C. re power situation in Peterboro.

Letter, W. G. Morrow, Mayor, Peterboro, stating
the City is desirous of obtaining power and
that dams 3, 4 and 5, on Peterboro and Lakeland
section of Trent Valley Canal and dams at
Lakeland and dam at Lakeland are suitable
and asking for investigation of said dams
by H.E.P.C.

September 17th

December 7th

1910
October 15th.

1911
January 28th

CENTRAL ONTARIO SYSTEM

- 2 -

Re: Peterborough

1911

- February 2nd Letter, Beck to Morrow, saying matters in letter of January 11th will be attended to.
- March 17th Letter, Chief Engineer to City Solicitor, Peterboro, reporting that dam at Hastings not suitable for power requirements of City.
- October 20th Letter, F. Cochrane (Minister of Railways and Canals) to Hon. Adam Beck, mentioning the placing of application of Ontario H.E. Comm. for a lease of dams #4 and #8 on Trent Valley Canal before the Council and that the leases were to issue on the following condition:-- "that if the parties who were here opposing the proposition can establish any claim then the H.E.P.C. or the Government of the Province of Ontario or the users of the power through you must compensate ^{them} for it."
- October 23rd, Letter, Secretary, H.E.P.C., to Cochrane, requesting appointment to discuss matters relative to the leasing of properties along the line of Trent Valley Canal.
- October 24th, Letter, Cochrane to Pope, stating that appointment will be made as early as possible.
- November 7th Wire, Cochrane's Private Secretary to W.W. Pope re Cochrane's inability to make appointment until end of week on account of election.
- November 10th Letter, Cochrane to Pope, fixing date of appointment, Friday November 17th, at 11.A.M.
- November 29th Letter, Beck to W. G. Morrow, Mayor of Peterboro, to the effect that
 "since our visit to Ottawa the Commission has been advised by Cochrane that leases will be issued to the Commission on dams 4 and 8 on Trent Canal which will enable the Commission to furnish power to Peterboro Lakefield and other municipalities in the Trent district".
 Encloses short form of by-law which Beck suggests that Council submit to rate-payers.

GENERAL ONTARIO SYSTEM

- 2 -

Re: Peterborough

1911

February 2nd

Letter, Beck to Morrow, saying matters in letter of January 15th will be attended to.

March 15th

Letter, Chief Engineer to City Solicitor, Peterboro, reporting that dam at Hastings not suitable for power requirements of City.

October 20th

Letter, P. Goehrs (Minister of Railways and Canals) to Hon. Adam Beck, mentioning the placing of application of Ontario H.R. Comm. for a lease of dams #4 and #8 on Trent Valley Canal before the Council and that the lease were to issue on the following condition:-- "that if the parties who were here opposing the proposition can establish any claim then the H.R.P.O. or the Government of the Province of Ontario or the users of the power through you must compensate it."

October 23rd

Letter, Secretary, H.R.P.O., to Goehrs, requesting appointment to discuss matters relative to the leasing of properties along the line of Trent Valley Canal.

October 24th

Letter, Goehrs to Pope, stating that appointment will be made as early as possible.

November 7th

Wire, Goehrs's Private Secretary to W.W. Pope re Goehrs's inability to make appointment until end of week on account of election.

November 10th

Letter, Goehrs to Pope, fixing date of appointment, Friday November 17th, at 11 A.M.

November 29th

Letter, Beck to W.G. Morrow, Mayor of Peterboro, to the effect that "since our visit to Ottawa the Commission has been advised by Goehrs that leases will be issued to the Commission on dams #4 and #8 on Trent Canal which will enable the Commission to furnish power to Peterboro Lakeside and other municipalities in the Trent district."

Enclosed short form of by-law which Beck suggests that Council submit to rate-payers.

CENTRAL ONTARIO SYSTEM

- 3 -

RE: Peterborough

1912

January 2nd

Telegram, Mayor Bradburn to Pope, By-law carried 1500 majority, 157 against.

November 2nd,

Letter, Secretary, H.E.P.C., to Cochrane requesting "that (without prejudice to any rights which the Province of Ontario may be proved to have as regards the control of the surplus waters of the Trent River) leases be issued to the H.E.P.C. of Ontario by the Department of Railways and Canals of the Dominion of Canada covering the right to use such Dominion Lands and Canal Works as are necessary for the proper and economical development of Hydro Electric Power at or near various points on the Ontario and Rice Lake Division of the Trent Valley Canal, as specified hereunder, namely--

At Dam No. 1....near Trenton, Ont.
 " " " 3.... " Glen Miller, Ont.
 " " " 4....above " "
 " " " 5....below Frankford, Ont.
 " " " 6....at "
 " " " 9....at head of Meyer Island

Also a lease from the Departments of Railways and Canals to the Hydro Electric Power Commission of Ontario, covering the right to use such Dominion Lands and Canal Works as are necessary for the proper and economical development of Hydro Electric Power at or in the vicinity of Ranney Falls locks on the Ontario and Rice Lake Division of the Trent Valley canal, together with the right to divert through the canal channel between Dam No.10 and the Ranney Falls locks for power purposes, such maximum proportion of the flow of the Trent River as is consistent with the requirements of navigation, according to season, it being understood that the H.E.P.C will deal with the Department of Railways and Canals in the matter of damage which any riparian owner may reasonably claim as a result of such diversion of the water of the Trent River for power purposes."

CENTRAL ONTARIO SYSTEM

- 3 -

RE: Peterborough

1912

January 2nd

Telegram, Mayor Bradburn to Pope, By-law
carried 1500 majority, 187 against.

November 2nd,

Letter, Secretary, H.E.P.C., to Gocharne
requesting "that (without prejudice to
any rights which the Province of Ontario
may be proved to have as regards the con-
trol of the surplus waters of the Trent
River) leases be issued to the H.E.P.C.
of Ontario by the Department of Railways
and Canals of the Dominion of Canada
covering the right to use such Dominion
lands and Canal Works as are necessary
for the proper and economical development
of Hydro Electric Power at or near various
points on the Ontario and Nine Lake Division
of the Trent Valley Canal, as specified
hereunder, namely--

- At Dam No. 1....near Trenton, Ont.
- " " " " " Glen Miller, Ont.
- " " " " " 4....above "
- " " " " " 5....below Frankford, Ont.
- " " " " " 6....at "
- " " " " " 9....at head of Meyer Island

Also a lease from the Department of Railways
and Canals to the Hydro Electric Power Com-
mission of Ontario, covering the right to use
such Dominion lands and Canal Works as are
necessary for the proper and economical de-
velopment of Hydro Electric Power at or in
the vicinity of Ranney Falls locks on the
Ontario and Nine Lake Division of the Trent
Valley canal, together with the right to
divert through the canal channel between
Dam No. 10 and the Ranney Falls locks for
power purposes, such maximum proportion of
the flow of the Trent River as is consistent
with the requirements of navigation, according
to season, it being understood that the H.E.P.C.
will deal with the Department of Railways and
Canals in the matter of damage which any ripar-
ian owner may reasonably claim as a result of
such diversion of the water of the Trent River
for power purposes."

CENTRAL ONTARIO SYSTEM

RE: Peterborough

- 4 -

1912

November 12th

Letter, Cochrane to Pope, acknowledging Pope's of Second instant.

December 14th

Letter, City Clerk, to Gaby, re three meetings to be held in support of Hydro Electric by-law to be voted on January 6th, 1913.

1914

August 24th,

Letter, Cochrane to Beck, acknowledging receipt of Beck's of August 20th making application for all the surplus water on the new Welland Canal and which he (Cochrane) shall certainly hold for the H.E.P.C.

September 20th

Letter, Beck to Cochrane, referring to Cochrane's letter November 20th, 1921, (See page 1) asking for the necessary leases or authority under the terms outlined: also makes application for leases and licenses for water powers at dam No.9 and the Ranney Falls (See letter November 2nd, 1912, on preceding page). Such licenses or leases to be given without prejudice to any rights which the Province of Ontario may prove to have in the waters of the Trent River.

1916

March 27th,

Letter, Beck to W. F. Nickle, M.P. Ottawa, in answer to request of W.F.Nickle's for information re situation at Peterboro.

"While it will be necessary for the Province to pay the Electric Power Co. the purchase price, until the municipalities have an opportunity of taking over the various distributing and other parts of the system, I do not think the Government intends to operate it as a Provincial undertaking, or one similar to the operation of the T. & N.O.Ry. It would create complications that would be most unwise, both from a business standpoint and a political standpoint. I

CENTRAL ONTARIO SYSTEM

RE: Peterborough

- 4 -

1912

November 12th

Letter, Cochrane to Pope, acknowledging Pope's of second instant.

December 14th

Letter, City Clerk, to Gaby, re three meetings to be held in support of Hydro Electric by-law to be voted on January 28th, 1913.

1914

August 24th.

Letter, Cochrane to Beck, acknowledging receipt of Beck's of August 20th making application for all the surplus water on the new Welland Canal and which he (Cochrane) shall certainly hold for the H.N.P.C.

September 20th

Letter, Beck to Cochrane, referring to Cochrane's letter November 20th, 1911. (See page 1) asking for the necessary leases or authority under the terms outlined; also makes application for leases and licenses for water powers at dam No. 2 and the Hannay Falls (See letter November 2nd, 1912, on preceding page). Such licenses or leases to be given without prejudice to any rights which the Province of Ontario may prove to have in the waters of the Trent River.

1912

March 27th.

Letter, Beck to W. F. Nickle, M.P., Ottawa, in answer to request of W.F. Nickle's for information re situation at Peterboro. "While it will be necessary for the Province to pay the Electric Power Co. the purchase price, until the municipalities have an opportunity of taking over the various distributing and other parts of the system, I do not think the Government intends to operate it as a Provincial undertaking, or one similar to the operation of the T. & N.O.Ry. It would create complications that would be most unwise, both from a business standpoint and a political standpoint. I

CENTRAL ONTARIO SYSTEMRE: Peterborough

- 5 -

"believe that the Government shall pay the Company an amount of \$4,350,000. in four per cent fifty year bonds, no sinking fund charges to be provided for the first ten years, the whole of the bonds to be redeemed at the end of fifty years."

"I do not know the result of their last year's operation but I understand that the earnings are not sufficient to pay the interest charges on the bonds held by the Sun Life Assurance Company at the present time."

"believe that the Government shall pay the Company an amount of \$4,350,000. in four per cent fifty year bonds, no sinking fund charges to be provided for the first ten years, the whole of the bonds to be redeemed at the end of fifty years."

"I do not know the result of their last year's operation but I understand that the earnings are not sufficient to pay the interest charges on the bonds held by the Sun Life Assurance Company at the present time."

CENTRAL ONTARIO SYSTEM

ABSTRACT OF CORRESPONDENCE

RE NORTH BAY

HYDRO ELECTRIC POWER COMMISSION

FILES:

99
CENTRAL ONTARIO SYSTEM

ABSTRACT OF GOVERNMENT DOCUMENTS

IN NORTH BAY

HYDRO-ELECTRIC POWER COMMISSION

FILMS:

CENTRAL ONTARIO SYSTEM

NORTH BAY SYSTEM

File "North Bay, Z-401".

1911

- March 21st, Letter, Town Clerk to Pope, asking for information re offer of North Bay Light, Heat and Power Co. to sell to Town or granting of franchise.
- April 12th, Letter, Town Clerk to Pope asking H.E.P.C. to send Engineer to be consulting engineer for the municipality
- June 17th, Gaby to Town Clerk, stating engineer would be at North Bay June 19th.
- June 19th, Resolution of Council that H.E.P.C. make full report on matters in letter of March 21st.
- June 21st, Letter, Gaby to Town Clerk, reporting result of engineer's investigation, advising against extension of franchise and recommending "that agreement be made with the Company to purchase for a municipal distribution system that portion of the Company's property which could be of use to the municipality."
- "The franchise of the Company expiring and the Company going out of business having sold a portion of their equipment to the municipality the municipality would not be bound by the power contract which the H.E.L.H & P. Co. has made with the Nip. Power Co. We would recommend that your Council make an application to this Commission for power for distribution by the municipal system..... On receipt of the request from your Council, we would be in a position to make a contract for power for your use."
- "We would recommend that the Company be advised that their franchise will expire September 19th, 1911, and that you desire

GENERAL ONTARIO SYSTEMNORTH BAY SYSTEM

File "North Bay, 2-401".

1911

March 21st,

Lester, Town Clerk to Pope, asking for information re offer of North Bay Light, Heat and Power Co. to sell to Town or granting of franchise.

April 12th,

Lester, Town Clerk to Pope asking H.B.P.C. to send Engineer to be consulting engineer for the municipality

June 15th,

Gaby to Town Clerk, stating engineer would be at North Bay June 15th.

June 19th,

Resolution of Council that H.B.P.C. make full report on matters in letter of March 21st.

June 21st,

Lester, Gaby to Town Clerk, reporting result of engineer's investigation, advising against extension of franchise and recommending "that agreement be made with the Company to purchase for a municipal distribution system that portion of the Company's property which could be of use to the municipality."

"The franchise of the Company expiring and the Company going out of business having sold a portion of their equipment to the municipality the municipality would not be bound by the power contract which the H.B.P.C. has made with the H.B.P. Co. We would recommend that your Council make an application to this Commission for power for distribution by the municipal system..... On receipt of the report from your Council, we would be in a position to make a contract for power for your use."

"We would recommend that the Company be advised that their franchise will expire September 19th, 1911, and that you desire

GENERAL ONTARIO SYSTEMRE: NORTH BAY

1911

"to purchase on some proposed basis of valuation that portion of their plant which would be of use to the municipality At the same time send a certified copy of a resolution of your Council asking us to submit to you a proposed contract for power.

"It is possible that the method of this complete course of action may not be completed before September 13th. In such a case the franchise of the Company may be extended for a short period of time in order to maintain continuity of service to the users of light and power."

August 9th,

Letter, from Town Clerk, acknowledging receipt of Gaby's of July 21st, and reporting that meeting of Council on 7th instant approved of communication and passed by-law fixing a price to be offered to the North Bay L.H. & P. Co. Ltd. for that portion of their plant that would be of use to the municipality as a distributing plant.

File X-401-2. H. & H. 202-2

August 30th,

Letter, Gaby to Town Clerk, reporting telephone conversation to the effect that on August 7th resolution of Council advise N.B.L.H. & P. Co. Ltd. of expiration of their franchise on September 1911 and further more offering them \$50,000 in view of considering a municipally operated one.

September 7th

Letter, Town Clerk to H.E.P.C. reporting that N.B. L.H. & P. Co. Ltd. have been advised that their franchise will not be extended. Also that another Company has made offer for electric lighting and that Council undecided as to which would be better for the Town, a municipal plant or private plant with a fair rate of lighting.

CENTRAL ONTARIO SYSTEMRE: NORTH BAY

1911

"to purchase on some proposed basis of valuation that portion of their plant which would be of use to the municipality. At the same time send a certified copy of a resolution of your Council asking me to submit to you a proposed contract for power.

"It is possible that the method of this complete course of action may not be completed before September 15th. In such a case the franchise of the company may be extended for a short period of time in order to maintain continuity of service to the users of light and power."

Letter, from Town Clerk, acknowledging receipt of Gaby's of July 21st, and reporting that meeting of Council on 7th instant approved of communication and passed by-law fixing a price to be offered to the North Bay L.H. & P. Co. Ltd. for that portion of their plant that would be of use to the municipality as a distributing plant.

August 25th.

File 2-401-E. H. & M. 203-2

Letter, Gaby to Town Clerk, reporting telephone conversation to the effect that on August 7th resolution of Council advising N.B.L.H. & P. Co. Ltd. of expiration of their franchise on September 15th and further more offering them \$20,000 in view of considering a municipally operated one.

August 30th.

Letter, Town Clerk to H.B.P. Co. reporting that N.B.L.H. & P. Co. Ltd. have been advised that their franchise will not be extended. Also that another company has made offer for electric lighting and that Council undecided as to which would be better for the Town, a municipal plant or private plant with a fair rate of lighting.

September 7th

CENTRAL ONTARIO SYSTEMRE: NORTH BAY

1911

- September 12th Letter, Town Clerk to H.E.P.C., asking for rates H.E.P.C. will contract to supply Electric Power in event of Town buying out N.B.L.H. & P.Co.Ltd. and requesting that Beck come to North Bay.
- Also reporting that Resolution had been passed, subject to approval of Solicitor, extending the franchise of N.B.L.H. & P.Co.Ltd. to December 1st, 1911.
- October 17th, Letter, Town Clerk to Beck, advising him of special meeting Thursday the 25th instant, and that any definite proposition of H.E.P.C. will have to be in hands of Council before that date.
- (Memo in pencil on letter-- "Met the Council 8 P.M. October 26th 1911" signed "Yates")
- October 28th Letter, Pope to The Nipissing Power Co. Ltd. requesting price, terms and conditions at which they will enter into contract with H.E.P.C. to supply it with power in quantities of 200, 300, 400, 500, 750, or 1000 H.P. for Town of North Bay.
- November 1st, Telegram, Beck to Mayor McGaughey, stating that he will arrive in North Bay Thursday A.M. to attend meeting.
- November 1st, Letter, Nipissing Power Co. to Town Clerk, advising that Town ask for counter proposition from Hydro and requesting extension of franchise until March 1st, 1912.
- November 1st, Letter, Nipising Power Company, to Pope enclosing copy of letter to Town Clerk and advising that when Nipissing Power Company's plant was built it was their understanding that a franchise similar to the one now asked for was to be granted to Nipissing Power Co. and that with hope of obtaining this franchise the Company went to a great expense in building its plant

CENTRAL ONTARIO SYSTEM

RE: NORTH BAY

1911

September 18th Letter, Town Clerk to H.E.P.C., asking for rates H.E.P.C. will contract to supply Electric Power in event of Town buying out N.B.L.H.A.P.C.O.Ltd. and requesting that Book come to North Bay. Also reporting that Resolution had been passed, subject to approval of Inspector, extending the franchise of N.B.L.H.A.P.C.O.Ltd. to December 1st, 1911.

October 17th Letter, Town Clerk to Book, advising him of special meeting Thursday the 28th instant, and that any definite proposition of H.E.P.C. will have to be in hands of Council before that date. (Memo in pencil on letter-- "Met the Council 8 P.M. October 28th 1911" signed "Yates")

October 28th Letter, Pope to The Nipissing Power Co. Ltd. requesting price, terms and conditions at which they will enter into contract with H.E.P.C. to supply it with power in quantities of 200, 300, 400, 500, 750, or 1000 H.P. for Town of North Bay.

November 1st Telegram, Book to Mayor McGarvey, stating that he will arrive in North Bay Thursday A.M. to attend meeting.

November 1st Letter, Nipissing Power Co. to Town Clerk, advising that Town ask for counter proposition from Hydro and requesting extension of franchise until March 1st, 1912.

November 1st Letter, Nipissing Power Company, to Pope enclosing copy of letter to Town Clerk and advising that when Nipissing Power Company's plant was built it was the understanding that a franchise similar to the one now asked for was to be granted to Nipissing Power Co. and that with hope of obtaining this franchise the Company went to a great expense in building its plant

CENTRAL ONTARIO SYSTEMRE: NORTH BAY

1911

November 16th, Town Clerk to H.E.P.C., enclosing copy of Resolution,-- Resolution requests H.E.P.C. what rate per H.P. in quantities of 1000 H.P. and over, and estimates of rates Town could conduct a lighting business based on H.E.P.C. estimate of cost of power, and asking for approximate valuation of N.B.H.L. & P. Co. and the Nipissing Power Co. inside the Town limits .

Vote of thanks to Sir Adam by Council for address.

1912

January 27th Letter, Gaby to Town Clerk, giving estimates asked for in letter November 10th.

1250 H.P. at 2,200 volts from Smoky Falls for \$21.80 per h.p. per year for 24 horse-power (Nipissing costs \$25.00)

North Bay Light, Heat & Power Co.

First Cost.....	\$28,132.
Depreciation	<u>6,473.</u>
Present Value	\$21,659.

Nipissing Power Co.

First Cost	\$ 1,954.00
Depreciation	<u>309.00</u>
Present Value	.\$ 1,645.00

(Does not include 22,000 volt line coming into transformer station belonging to Nipissing Power Co., nor North Bay Light, Heat & Power Co. building at corner of Cassels and Wellington streets)

No account taken of old discarded steam plant of North Bay Light, Heat & Power Co., nor of present transformer station of the Nipissing Co. at Lot 303 Worthington Street.

CENTRAL ONTARIO SYSTEM

E. NORTH BAY

1911

November 18th.

Town Clerk to H.E.P.G., enclosing copy of Resolution.-- Resolution requests H.E.P.G. what rate per H.P. in quantities of 1000 H.P. and over, and estimates of rates Town could conduct a lighting business based on H.E.P.G. estimate of cost of power, and asking for approximate valuation of H.E.P.G. inside the Town and the Nipissing Power Co. inside the Town limits.

Vote of thanks to Sir Adam by Council for address.

1912

January 27th

Letter, Gaby to Town Clerk, giving estimates asked for in letter November 18th.

1250 H.P. at 2,200 volts from Smoky Falls for \$21.80 per h.p. per year for 24 horse-power (Nipissing costs \$25.00)

North Bay Light, Heat & Power Co.

First Cost..... \$28,122.
Depreciation..... 6,475.
Present Value . . . \$21,647.

Nipissing Power Co.

First Cost..... \$1,984.00
Depreciation..... 309.00
Present Value . . . \$1,675.00

(Does not include 22,000 volt line coming into transformer station belonging to Nipissing Power Co., nor North Bay Light, Heat & Power Co. building at corner of Cassels and Wellington streets)

No account taken of old discarded steam plant of North Bay Light, Heat & Power Co., nor of present transformer station of the Nipissing Co. at lot 203 Worthington Street.

CENTRAL ONTARIO SYSTEMRE: NORTH BAY

1912

- February 29th, Letter, Beck to Geo. McIlvenna (Chairman of Electric Committee) acknowledging letter and stating that report on situation in North Bay will be sent to Council in a day or two
- March 27th, Letter, Pope to McIlvenna, enclosing blank form by-law and stating that no figures or data are required and that money by-law takes care of that.
- April 27th, Letter, McIlvenna to Pope, reporting meeting of Council (Last Friday eve) where H.E.P.C. by-law was strenuously opposed and decision passed to rescind by-law and advertise same for two weeks.
- FILE "North Bay" Z-401 (Transfer Cabinet)
- 1912
- July 11th Letter, Beck to McIlvenna, to the effect that Town has sufficient estimates to proceed with submission of by-law to rate payers and that he (Beck) could not visit North Bay without formal invitation of Council.
- July 10th Letter, Jas. M. Florence to Pope, enclosing agreement submitted to Town by Nipissing Power Co. which had been referred by Town to Mr. Ross of Montreal for his advice and asking for opinion of H.E.P.C.
- July 31st Letter, McIlvenna to Beck, stating that by-law has not yet been submitted to people and that Council think Nipissing Power Co. agreement more favorable to them than H.E.P.C. and asking Beck to come on 12th or 15th.
- October 23rd, Letter, Gaby to McIlvenna, reporting that Pope had advised town solicitor to have third reading of by-law.

GENERAL OFFICIALS' REPORT

RE: NORTH BAY

1912

February 28th. Letter, Beck to Geo. McIlvanna (Chairman of Electric Committee) acknowledging letter and stating that report on situation in North Bay will be sent to Council in a day or two.

March 27th.

Letter, Pope to McIlvanna, enclosing blank form by-law and stating that no figures or data are required and that money by-law taken care of that.

April 25th.

Letter, McIlvanna to Pope, reporting meeting of Council (last Friday eve) where N.E.P.C. by-law was strenuously opposed and decision passed to rescind by-law and advertise same for two weeks.

FILE "North Bay" N-401 (Transfer Cabinet)

1912

July 11th

Letter, Beck to McIlvanna, to the effect that Town has sufficient estimates to proceed with submission of by-law to rate payers and that he (Beck) could not visit North Bay without formal invitation of Council.

July 10th

Letter, Geo. McIlvanna to Pope, enclosing agreement submitted to Town by Nipissing Power Co. which had been referred by Town to Mr. Ross of Montreal for his advice and asking for opinion of N.E.P.C.

July 21st

Letter, McIlvanna to Beck, stating that by-law has not yet been submitted to people and that Council think Nipissing Power Co. agreement more favorable to them than N.E.P.C. and asking Beck to come on 11th or 12th.

October 23rd.

Letter, Gaby to McIlvanna, reporting that Pope had advised town solicitor to have third reading of by-law.

CENTRAL ONTARIO SYSTEMRE: NORTH BAY

1912

November 7th Letter, Gaby to McIlvenna, stating that Yates, G.C. Wilson, M.P. and Leacock an Engineer will be at North Bay on 10th, Beck to be there on 13th.

November 8th, Telegram, H.E.P.C. to McIlvenna, stating that G. C. Wilson, and Mayor Scott of Galt, will speak at meeting.

November 14th Telegram, G.C.Wilson to Gaby, to the effect that Company threatens to shut off light should the franchise be refused. Asking if plant and power could not expropriated.

November 14th, Telegram, Gaby to G.C.Wilson, "We can expropriate power and enforce operation of plant if service refused."

November 15th Telegram, Leacock to H.E.P.C. "Power Co. announced they would give the same rates as H.E.P.C. if given unconditional franchise. The vote will carry on Monday in favor of H.E.P.C."

November 18th Telegram, J. R. Moffatt, President Board of Trade, "Hydro carries by 473 majority, Nipissing Power badly defeated."

November 19th, Letter, C. E. Hammond, Sec. Citizens Committee, to Beck, Hydro Electric By-law carries 458 majority, 7 to 1, Nipissing Power by-law defeated 537 majority 5 to 1.

CENTRAL ONTARIO SYSTEM

NORTH BAY

1912

November 7th. Letter, Gaby to Mollivanna, stating that Yates, G.C. Wilson, M.P. and Leacock an Engineer will be at North Bay on 10th. Back to be there on 13th.

November 8th. Telegram, H.E.P.G. to Mollivanna, stating that G.C. Wilson, and Mayor Scott of Galt, will speak at meeting.

November 14th. Telegram, G.C. Wilson to Gaby, to the effect that Company threatens to shut off light should the franchise be refused. Asking if plant and power could not expropriated.

November 14th. Telegram, Gaby to G.C. Wilson, "We can expropriate power and enforce operation of plant if service refused."

November 15th. Telegram, Leacock to H.E.P.G. "Power Co. announced they would give the same rates as H.E.P.G. if given unconditional franchise. The vote will carry on Monday in favor of H.E.P.G."

November 18th. Telegram, J. R. Moffatt, President Board of Trade, "Hydro carries by 473 majority. Hipissing Power badly defeated."

November 19th. Letter, G. R. Hammond, Sec. Citizens Committee, to Beck, Hydro Electric By-law carries 488 majority, 7 to 1. Hipissing Power by-law defeated 537 majority 5 to 1.

CENTRAL ONTARIO SYSTEM.

NORTH BAY SYSTEM.

1912.

November 22nd, Letter, Pope to Beck, mentioning receipt of letter from Secretary of Citizens' Committee, North Bay, and that Yates and Gaby advise that By-law for \$60,000. be submitted in January

November 27th, Letter, Pope to Town Clerk, recommending submission of money by-law for \$60,000. at January elections for the purpose of either acquiring or construction of distribution plant for electrical service and advising that Council send a formal request to the H.E.P.C. for engineer to make a valuation.

December 6th, Letter, Town Clerk to Beck, requesting that engineer be sent to make valuation.

December 28th, Telegram H.E.P.C. to Mayor stating that engineer would be present for public meeting January 4th.

1913.

January 21st, Letter, Town Clerk to Beck, to the effect that by-law authorizing the issue of debentures for \$60,000. passed its final reading on the twentieth instant.

January 24th, Letter Town Clerk to Pope, stating that the total vote polled on Hydro-Electric By-law January 6th was 811, as follows:

In favor.....598
Against.....213
Majority in favor..385.

February 25th, Letter, Pope to F. N. Yorke, Chairman Special Electrical Committee, reporting that Commission was endeavouring to get figure from the Seymour people as to what they would take for the distributing plant and price for power to furnish the municipality, but up to the present had not received a reply.

CENTRAL ONTARIO SYSTEM.

NORTH BAY SYSTEM.

Letter, Pope to Beck, mentioning receipt of letter from Secretary of Citizens' Committee, North Bay, and that Yates and Gaby advise that by-law for \$50,000. be submitted in January.

Letter, Pope to Town Clerk, recommending submission of money by-law for \$50,000. at January elections for the purpose of either acquiring or construction of distribution plant for electrical service and advising that Council send a formal request to the H.E.P.C. for engineer to make a valuation.

Letter, Town Clerk to Beck, requesting that engineer be sent to make valuation.

Telegram H.E.P.C. to Mayor stating that engineer would be present for public meeting January 4th.

Letter, Town Clerk to Beck, to the effect that by-law authorizing the issue of debentures for \$50,000. passed its final reading on the twentieth instant.

Letter Town Clerk to Pope, stating that the total vote polled on Hydro-Electric by-law January 6th was 511, as follows:
In favor.....598
Against.....213
Majority in favor..385.

Letter, Pope to F. W. York, Chairman Special Electrical Committee, reporting that Commission was endeavoring to get figure from the Seymour people as to what they would take for the distributing plant and price for power to furnish the municipality, but up to the present had not received a reply.

1913.

November 22nd.

November 27th.

December 6th.

December 28th.

1913.

January 1st.

January 24th.

January 28th.

CENTRAL ONTARIO SYSTEM.

RE: NORTH BAY

1913.

March 5th, Letter, Town Clerk to Pope, acknowledging receipt of copies of proposed contracts between the town and H.E.P.C. and asking that before the contract was signed the following questions be answered:

- (a) Where is the power coming from ?
- (b) What is detailed estimate of cost of power ?
- (c) What would cost of maintenance be ?
- (d) What would amount of sinking fund be ?
- (e) What would be a reasonable amount for depreciation ?
- (f) What would cost of operation be ?
- (g) What would insurance on plant be ?

May 14th, Letter J. G. G. Kerry to F. A. Yorke, Chairman North Bay Electric Power Commission, suggesting that it would be better for town to purchase both the distributing plant in North Bay and the Generating plant on the South River.

July 9th, Letter, Electric Power Company, Limited, to Pope, stating that the Nipissing Power Company are prepared to make delivery of the desired power at the following prices:

750	H.P., or more.....	\$37.50	per H.P. year		
1000	H.P.	35.00	"	"	"
1500	H.P.	31.50	"	"	"
2000	H.P.	29.00	"	"	"
2500	H.P.	27.00	"	"	"

subject to certain conditions.

July 14th, Letter, Pope to Electric Power Company, requesting price for distributing plant.

July 17th, Letter, Electric Power Company to Pope, stating that it would be difficult for them to determine the valuation of the plant in North Bay unless they have definite arrangements with the H.E.P.C. for the furnishing of power required by North Bay.

September 13th, Letter, Electric Power Company, to Pope, advising that they are taking steps to have the plant valued by experts.

GENERAL CHARTER SYSTEM.

NEW NORTH BAY

1913.

Letter, Town Clerk to Pope, acknowledging receipt of copies of proposed contracts between the town and H.B.P.C. and asking that before the contract was signed the following questions be answered:

- (a) Where is the power coming from ?
- (b) What is detailed estimate of cost of power ?
- (c) What would cost of maintenance be ?
- (d) What would amount of sinking fund be ?
- (e) What would be a reasonable amount for depreciation ?
- (f) What would cost of operation be ?
- (g) What would insurance on plant be ?

Letter J. G. G. Kery to W. A. York, Chairman North Bay Electric Power Commission, suggesting that it would be better for town to purchase both the distributing plant in North Bay and the generating plant on the South River.

Letter, Electric Power Company, Limited, to Pope, stating that the Niagara Power Company are prepared to make delivery of the desired power at the following prices:

750	H.P.	or more.....	\$37.50 per H.P. year
1000	H.P.		35.00
1500	H.P.		31.50
2000	H.P.		29.00
2500	H.P.		27.00

subject to certain conditions.

Letter, Pope to Electric Power Company, requesting price for distributing plant.

Letter, Electric Power Company to Pope, stating that it would be difficult for them to determine the valuation of the plant in North Bay unless they have definite arrangements with the H.B.P.C. for the furnishing of power required by North Bay.

Letter, Electric Power Company, to Pope, advising that they are taking steps to have the plant valued by experts.

December 1913.

CENTRAL ONTARIO SYSTEM.RE: NORTH BAY.1914.

November 25th,

Letter, William Milne, Lumber Merchant, to Beck, stating that he was appointed by the Town Council to interview H.E.P.C. in regard to obtaining power for town and as there was no immediate prospect for the development of power at French River, the Town would like to have the privilege of making temporary arrangement with the Nipissing Power Company, for supply of power.

1915.

January 14th,

Letter from Mayor to Beck, asking for assistance in having power question brought to successful conclusion.

April 19th,

Report of Special Light, Heat & Power Committee to Town Council to the effect that nothing definite had been done by H.E.P.C., that the Council had asked North Bay L. H. & P. Co. to submit their best proposition for light, heat and power and that the H.E.P.C. be asked to assist in its negotiations with the Company.

May 21st,

Letter, Thomson, Tilley & Johnston to Pope, stating that the Nipissing Power Company, Limited, is prepared to sell all its properties and plant, including sub-stations and distribution systems in North Bay, Powassan, Callander and Nipissing Village, and including undeveloped properties, but not including the stores, tools nor utility equipment for \$540,129.19 as of the first instant, being the amount of the outstanding bonds of the Company.

May 25th,

Letter, Pope to Thomson, Tilley & Johnston, acknowledging their letter of May 21st and drawing attention to the fact that the Electric Power Company have not yet quoted price for distribution station at North Bay.

May 26th,

Letter, Thomson, Tilley & Johnston to Pope, referring to A. B. Colville's letter to Beck, on November 17th, 1913, intimating that they would be willing to sell the North Bay transmission line and steam plant for the sum of \$90,000 on certain conditions.

GENERAL ONTARIO SYSTEM.

RE: NORTH BAY.

1914.

November 18th.

Letter, William Milne, Lumber Merchant, to Beck, stating that he was appointed by the Town Council to interview H.B.P.O. in regard to obtaining power for town and as there was no immediate prospect for the development of power at French River, the Town would like to have the privilege of making temporary arrangement with the Nipissing Power Company, for supply of power.

1915.

January 14th.

Letter from Mayor to Beck, asking for assistance in having power question brought to successful conclusion.

April 12th.

Report of Special Light, Heat & Power Committee to Town Council to the effect that nothing definite had been done by H.B.P.O., that the Council had asked North Bay L. H. & P. Co. to submit their best proposition for light, heat and power and that the H.B.P.O. be asked to assist in its negotiations with the Company.

May 21st.

Letter, Thomson, Tilley & Johnston to Pope, stating that the Nipissing Power Company, Limited, is prepared to sell all its properties and plants including sub-stations and distribution systems in North Bay, Powassan, Galloway and Nipissing Village, and including undeveloped properties, but not including the stores, tools nor utility equipment for \$240,125.12 as of the first instant, being the amount of the outstanding bonds of the Company.

May 25th.

Letter, Pope to Thomson, Tilley & Johnston, acknowledging their letter of May 21st and drawing attention to the fact that the Nipissing Power Company have not yet quoted price for distribution station at North Bay.

May 26th.

Letter, Thomson, Tilley & Johnston to Pope, referring to A. B. Colville's letter to Beck, on November 17th, 1913, intimating that they would be willing to sell the North Bay transmission line and steam plant for the sum of \$20,000 on certain conditions.

CENTRAL ONTARIO SYSTEM.RE: NORTH BAY.1915.

June 23rd,

Letter, Town Clerk to Pope, reporting receipt of letter from Nipissing Power Company, dated June 21st, stating in part, that as the ownership of the North Bay distribution system accounts for approximately eighty per cent of their output they could not afford to sell it without selling the remaining properties of the Nipissing Power Company.

July 6th,

Letter, Town Clerk to Pope, reporting resolution of the Council that after full consideration the H.E.P.C. agrees to the town entering into negotiations with the North Bay L.H. & P. Co., and if satisfactory presenting a franchise to be voted on by the people as early as possible.

1916.

January 14th,

Town Clerk to Gaby reporting that at the election on January 3rd the voting on by-law in connection with new franchises with the Nipissing Power Company resulted as follows:

For the by-law.....	668
Against the by-law.....	<u>123</u>
Majority in favor.....	545

RE: NORTH BAY.
1915.

June 23rd.

Letter, Town Clerk to Pope, reporting receipt of letter from Nipissing Power Company, dated June 21st, stating in part, that as the ownership of the North Bay distribution system accounts for approximately eighty per cent of their output they could not afford to sell it without selling the remaining properties of the Nipissing Power Company.

July 6th.

Letter, Town Clerk to Pope, reporting resolution of the Council that after full consideration the H.E.P.C. agrees to the town entering into negotiations with the North Bay L.H. & P. Co., and if satisfactory presenting a franchise to be voted on by the people as early as possible.

1915.

January 14th.

Town Clerk to Gaby reporting that at the election on January 5th the voting on by-law in connection with new franchise with the Nipissing Power Company resulted as follows:

For the by-law.....668
Against the by-law.....122
Majority in favor.....842

